FINANCIAL TIMES

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WORLD NEWS

Air India wreckage sighted

Cameras linked to a vessel operated by Cable and Wireless sighted wreckage on the seabed off Ireland from the Air India Jumbo which crashed two weeks ago, killing 329 people. Pictures were reported to show bodies inside.

Irish naval ships have picked up a signal likely to be from the airliner's black box flight recorder. Page 2

Labour's coal plan

The Labour Party is to draw up an expansionist Plan for Coal with the three mining unions, said Labour's energy spokesman Stan Orme, at the NUM conference in Sheffield. Back Page

In Fife, Scotland, the Queen was presented with a petition by Dick Douglas, MP for Dunfermline West, on behalf of 34 Fife miners sacked in the pit strike.

Guinean rebels fail

Troops loyal to the Guinean president, Col Lasana Conte, foiled an attempted coup on Thursday night in Conakry, the capital, said government reports. Rebel leader, Col Diara Taore, went into hiding. Page 2

Korean airliner claim

Britain lodged a £2m compensation claim with the Soviet Union for 14 Hong Kong residents killed when the Soviets shot down a Korean airliner in 1983.

Biko doctors guilty

Two doctors were found guilty by the South African Medical and Dental Council of disgraceful and improper conduct in their treatment of Black Consciousness leader Steve Biko, who died in custody in 1977. Page 2

Ulster bomb injuries

Three RUC men and four civilians were injured by a bomb at a checkpoint in Strabane, Co. Tyrone, near Ulster's border with the Irish Republic.

Loyalists acquitted

Twenty loyalists were acquitted of terrorist charges at a Belfast court after a judge rejected the evidence of informer William "Budgie" Allen.

Judge convicted

Australian High Court judge and former Attorney General, Lionel Murphy, was convicted in Sydney of trying to pervert the course of justice in an immigration racket case. He was acquitted on a similar charge.

Liverpool fan jailed

A Brussels court sentenced John Ellis, aged 19, of Liverpool to a year in jail—of which three months were suspended—for criminal damage, robbery with violence and resisting arrest on the night of the European Cup Final tragedy. His lawyer said he would appeal.

Observer summonsed

The Observer was served with two summonses under the Prevention of Corruption Act relating to payments allegedly made to a former Defence Ministry official in 1983. The newspaper's editor, Donald Trelford, said: "We categorically deny the charges made against us and will contest them vigorously."

Ripper detective dies

George Oldfield, aged 61, who was head of West Yorkshire CID during the hunt for Yorkshire Ripper Peter Sutcliffe, died in Wakefield.

Curreo into final

Kevin Curren went through to the Wimbledon men's singles final after beating Jimmy Connors 6—2, 6—2, 6—1. Rain halted the semi-final between Anders Jarryd and Boris Becker at one set each.

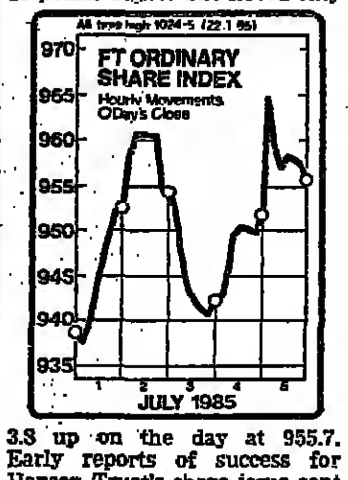
BUSINESS SUMMARY

Half of Hanson issue unsold

SHAREHOLDERS bought only half the ordinary shares issued by *Hanson Trust* as part of its £519m rights issue. Earlier, Hanson's broker, Hoare Govett, indicated that the take-up had been 80 per cent.

Late-night efforts by Hoare Govett and Hanson's merchant bankers, N. M. Rothschild, started when it emerged that early targets had been too optimistic, and they found some institutions to take about 100m shares slightly below the issue price of 185p. Back Page and Lex

LEADING SHARES closed below their best in London, though the trend of the week's recovery generally continued. The FT Ordinary index started 13 points higher but closed only 3.8 up on the day at 955.7. Early reports of success for Hanson Trust's share issue sent stocks up, only to fall when the news proved incorrect. International stocks were affected by afternoon weakness in the dollar. Page 14



THE DOLLAR fell after the release of U.S. unemployment figures, which showed a rise in the non-farming sector, closing at DM 3.006 (DM 3.0315). The weaker trend and high UK interest rates pushed the pound up to $1.3275 from $1.3175. Page 13

NEW YORK Stock Exchange told American Hospital Supply and Hospital Corporation of America that their planned merger is against NYSE rules. The exchange is starting delisting proceedings for both companies' shares. Page 11

CANADA'S Government has used U.S.$297.5m (£224.1m) from foreign reserves to pay part of the debts of Canadair, state-owned aircraft maker. Page 11

LAND ROVER-LEYLAND, BL's commercial vehicle organisation, is seeking a £100m seven-year loan in the sterling bankers' acceptance market. Back Page

AEROSPATIALE, French state-owned aerospace company, and Messerschmitt-Belkow-Blohm of West Germany have agreed on joint research for Europe's Eureka programme.

PLESSEY is closing its telephone exchange making plant near Liverpool as part of the rationalisation of its telecommunication division. Seven hundred jobs will be lost. The plant makes outdated semi-electronic equipment. Back Page

SHEFFIELD FORGEMASTERS, troubled forgings and castings group, is making 520 of its 3,000 Sheffield area employees redundant. Page 4

WEST GERMAN upper house of parliament approved European car exhaust emission standards and temporary tax incentives to boost sales of "clean" cars before the limits become mandatory.

RK TECHNOLOGIES, Cheshire carbon fibre company, is to challenge a high-technology trade embargo which is preventing it from completing a £10m contract with China. Page 5

HOUSE PRICES rose steadily by about 3 per cent in the second quarter, but more slowly than in the same period last year. Page 5

Brecon defeat seen as verdict on Tory economic policies

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CRUSHING Conservative defeat in the Brecon and Radnor by-election, and the narrow Liberal-SDP Alliance victory over Labour, was seen in Westminster last night as a humiliating verdict on Mrs Thatcher's economic policies.

Among the Brecon electorate there was continual criticism of cuts in local services and deep concern about unemployment. There is no doubt that the Tories also lost votes because of high interest rates which adversely affected farmers and small businessmen.

The Tories dropped from first to third place—only the fifth occasion since 1918 that this has happened in a by-election to the party in power.

Mr Richard Livsey the Liberal, received 13,753 votes, a narrow 559 majority over Labour's Dr Richard Willey, who had 13,194.

The Conservatives saw the votes for their candidate, Mr Chris Butler, plummet to 10,631 from the 18,255 with which the late Mr Tom Hooson held the seat for the Tories at the General Election.

The percentage of the vote, with figures for the 1983 General Election in brackets was: Liberal 35.8 per cent (24.5 per cent); Labour, 34.3 per cent (25 per cent); Conservative 27.7 per cent (48.2 per cent). The turnout was very high at 79 per cent.

Triumphant Liberals hailed their majority as a boost to the image of the Alliance as the credible alternative to Labour and Conservatives.

But Viscount Whitelaw, deputy Prime Minister, rushed to Mrs Thatcher's defence. On BBC radio he warned Conservatives against joining Labour and Alliance efforts to run her down.

He said: "It would be extremely unwise for the Conservative Party to go along with that. They must stand up for their leader for her courage and determination."

He admitted that it was a bad day for the Conservatives but emphasised that their should not be a change of policies because of the result. "We must not indulge in recrimination or give up the promises we believe to be right," he said.

Mr David Steel, the Liberal leader, predicted the result would mean that no party would have an overall majority in the Commons at the next General Election.

The public opinion polls—particularly Mori which indicated a massive 18 point lead for Labour on the eve of voting—were the subject of intense controversy last night and came under attack from the Alliance and Conservatives.

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A bad time for pollsters, Page 9

THE RESULT

R. A. L. Livsey (L/All) 13,753
R. Willey (Lab) 13,194
C. Butler (C) 10,631
Mrs J. Davies (Plaid Cymru) 435
D. E. Sutch (Monster Raving Loony) 202
R. Everest (One Nation C) 154
A. Genillard (Cure MS) 43
Majority 559: Turnout 79.2%

1983 General Election: T. E. Hooson (C), 18,255; D. R. Morris (Lab), 9,471; R. A. L. Livsey (L) 9,226; Mrs S. Meredudd (Plaid Cymru), 640; R. G. W. P. Booth (Ind), 278. Majority 8,784; Turnout 80.1%.

PARTY PERCENTAGES (1983 IN BRACKETS)

L/All 35.8 (24.4)
Labour 34.4 (25.0)
Conservative 27.7 (48.2)
Plaid Cymru 1.1 (1.7)
Others 1.0 (0.7)

U.S. jobless figures cast gloom on economy

BY STEWART FLEMING IN WASHINGTON

WORRYING SIGNS that the U.S. is still locked in a period of economic stagnation surfaced yesterday with the release of June unemployment data suggesting that the manufacturing sector is slipping deeper into recession, while growth in service industry jobs may be weakening.

The overall unemployment rate was unchanged for the fifth consecutive month at 7.3 per cent. Expectations that June would see further strong gains in the number of workers with jobs were dashed when the labour department reported that on a seasonally-adjusted basis non-farm payroll employment was unchanged from the May level, 97.5m.

The employment data provides the first statistical reading on the performance of the economy in June and will disappoint private economists looking for a recovery in the forward momentum of economic activity after the weakness in the opening months of the year.

"It really shows a continuation of the sideways movement of the economy we have seen this year," Mr David Wyss, economist with the economic consulting firm Data Resources, said yesterday.

He expected the Commerce Department's "flash" forecast of a 3.1 per cent rise, on an unrealised basis, in real gross national product in the second quarter to be revised down to 2.5 per cent.

The credit markets in New York rallied strongly on the news amid expectations of lower interest rates, and inevitable speculation about the monetary policy of the Federal Reserve, the U.S. central bank. The Fed's policy-making Open Market Committee meets on Monday and Tuesday.

The dollar slipped on the foreign exchanges, reaching DM 3.00175 by lunchtime in New York after closing unchanged in London at DM 3.99, but U.S. analysts said the July 4 Independence Day holiday had meant that trading was light.

Ms Janet Norwood, Commissioner at the Bureau of Labour Statistics, was careful to point out yesterday that June employment data could be distorted by unreliable seasonal adjustments.

Nevertheless, at least for the manufacturing sector, a further 40,000 decline in the number of workers employed, bringing the jobloss this year to 220,000, looks ominously like a continuation of a well-established trend pointing toward at best sluggish growth in industrial output in June.

In the services sector employment increased by 85,000, well below the average monthly gains in service employment of 250,000 over the past year.

A single month's data, especially in the wake of vigorous job growth in May, will be interpreted with caution, but some economists expressed concern that it might be the harbinger of a period of slower employment growth.

Whatever the long-term implications may be, the overall employment data point toward sluggish personal income growth last month, and are thus another sign that the economy probably ended the second quarter with a whimper.

IMF chief urges cut in U.S. budget deficit, Page 3

Mugabe set for election victory

BY MICHAEL HOLMAN IN HARARE

ZIMBABWE'S ruling Zanu party last night appeared to be heading for a major victory in the country's first general election since independence in 1980.

All but one of the first 18 seats declared were overwhelmingly won by Zanu candidates, led by Mr Robert Mugabe, the Prime Minister, with the remaining seat going to Zapu, the opposition party led by Mr Joshua Nkomo.

Over 90 per cent of the 3m voters turned out in the four-day poll to elect 79 of the 80 black MPs in the 100-seat assembly. The death of a candidate brought a postponement of the poll for the remaining seat.

Early trends suggest that Zimbabwe's tribal pattern will be broadly reflected in the final result, with Zanu winning easily in the Shona-dominated provinces of Mashonaland, Manicaland and Midlands, and Zapu holding on to its Ndebele stronghold of Matabeleland.

Although results for the most closely contested seats had not been announced by mid-evening first reports suggested that Zanu will improve on its 1980 showing, when it won 57 of the black seats. But observers believed that it could well fall short of the 70 seats, which party officials hoped for.

With 70 seats in parliament, the government would be able to abolish in 1987 the 20 seats reserved for whites. Of these 15 were won in the first round of polling by Mr Ian Smith's Conservative Alliance.

The victory by the former Rhodesian Prime Minster, who led the country's illegal declaration of independence in 1965, was angrily interpreted by Mr Mugabe as a rejection of his policy of "reconciliation" with the minority comunity, numbering about 90,000.

At an election-eve rally Mr Mugabe warned "racist" whites that "very hard going" lay ahead of them, and hinted that he would abolish the white parliamentary seats, over-ruling constraints imposed under the Lancaster House independence constitution.

To abolish the bloc before 1987 would require the support of all 100 MPs a second potential constitutional confrontation involves Mr Mugabe's commitment to an eventual one-party state.

The country's Bill of Rights guarantees the freedom to form political parties, an entrenched provision which requires 100 votes if it is to be amended before 1990 and 70 vote after that date.

The country's leading daily newspaper, the Herald, which frequently reflects government thinking, said in its editorial yesterday that a Zanu victory "will be the green light for Zanu to go full steam ahead with the introduction of socialism, and to start working on a programme to introduce the one-party state."

The paper also endorsed Mr Mugabe's attack on "racist" whites, and warned: "On them, the hammer is about to descend." The paper stressed, however, that whites would not "be the victims of black anger simply because of the colour of their skins."

Opinion is divided in Harare as to whether Mr Mugabe's threats are election rhetoric, or whether they represent a decisive shift away from his previous pragmatism.

Logica losses on office automation eliminate profits

BY GUY DE JONQUIERES

LOGICA, one of Britain's leading computer software companies, reported yesterday that losses of about £5m by its UK and U.S. office automation equipment subsidiaries eliminated pre-tax profits from its other businesses in the year ended June 30.

About 100 of the 400 employees of Logica VTS, the UK subsidiary, will be made redundant and a further 100 will be redeployed to other parts of the business. About half the 35 staff of its U.S. company, Intelligent Technologies International (ITIC), have been laid off.

Logica, which went public on the London Stock Exchange in 1983, is the latest UK electronics company to announce a serious deterioration in its performance in the past 10 days. Its share price fell 58p to close at 105p yesterday.

Logica is seeking partners for both VTS and ITIC and hopes to conclude talks with several unnamed companies in the next few months. It had held talks with Olivetti, the Italian office equipment company, but these were suspended several weeks ago.

Office automation accounted for 27 per cent of Logica's £69.8m turnover in 1983-84, when VTS made pre-tax profits of £833,000 on sales of almost £30m. VTS operated at break-even until last December, since when both it and ITIC have made large losses.

These losses have eliminated pre-tax profits of about £5m on Logica's software and services business in its latest financial year. The sector accounted for £4.2m of Logica's total pre-tax profit in 1983-84 of £5.2m.

Logica said the problems at VTS, which has a modern plant near Swindon, Wilts, followed a cut in British Telecom orders for word-processors last autumn. BT, which accounts for more than half of VTS sales, reduced an order for 10,000 machines to 5,000 uits.

VTS was also hit by a general down turn in the office equipment market, while building up a direct sales and support team this year. The sales force will be sharply reduced, as will the VTS product and development staff.

Redundancy costs are expected to total about £250,000. Logica said it hoped to restore VTS to break-even this year. Yesterday, ICL placed a £3m word-processor order with VTS.

ITIC, which Logica acquired in 1983, had been hit by slow demand for its latest products, designed to link personal com-

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Plessey jobs cuts, Back Page
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Thorn EMI shares fall 28p on profits cut

BY GUY DE JONQUIERES

THORN EMI, the electronics and entertainment company, whose chairman resigned on Monday, yesterday reported that its pre-tax profit fell to £103.3m in the year ended March 31 from £156.8m the previous year. Turnover was £3.2bn (£2.8bn).

Its attributable profit, after extraordinary items, fell to £33.3m from £87.5m. As a consequence, Thorn EMI will have to fund part of the £37.4m cost of its proposed unchanged full-year dividend from reserves, which declined to £236.6m from £390m during the year.

Sir Graham Wilkins, who has replaced Mr Peter Laister as Thorn EMI's chairman and chief executive, said results for the first half of the current year would be disappointing, though prospects for the second half were more hopeful.

Thorn's shares ended the day down 28p at 316p, most of the fall coming in the last hour of trading. On Monday, after the announcement of Mr Laister's departure, the shares stood at 367p, 13p up on the day.

The biggest cause of the fall in reserves was a write-off of goodwill of £131.5m, representing the entire cost of acquiring 94.7 per cent of microchip manufacturer Inmos, plus a provision for the planned purchase of the rest of the shares.

Thorn EMI said such write-offs were part of its normal accounting practice. The value of Inmos's tangible assets was very small and possibly negative.

Inmos showed a £4.2m pre-tax profit for the period since it was acquired by Thorn EMI, last September but moved into loss in the first quarter of this year. Recent losses were running at about $2m (£1.5m) a month.

Thorn EMI said it hoped Inmos would reach breakeven on a monthly basis by the end of the year after planned cost reductions took effect. These

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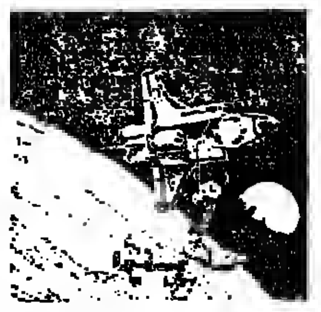
WEEKEND FT



SPACE INVADER

The "Made in Space" logo on manufactured goods is almost a reality. Technological advances make space factories part of tomorrow's world

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FINANCE

On target: fund managers find their predictions of six months ago are broadly accurate despite upsets in some markets

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ARTS

Faux pas: financial problems of the London Contemporary Dance Theatre

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DIVERSIONS

Franc appraisal: what to buy and where to find it in Paris

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MARKETS

DOLLAR

New York lunchtime:
DM 3.00175
FFr 9.1425
SwFr 2.5185
Y246.85

London:
DM 3.0060 (3.0315)
FFr 9.15 (9.2275)
SwFr 2.5185 (2.5435)
Y247 (247.70)
Dollar Index 143.1 (143.7)
Tokyo close Y247.86

U.S. LUNCHTIME RATES

Fed Funds 8%
3-month Treasury Bills 6.8%
Long Bond 109¼
yield 10.3

GOLD

New York: market closed
London: $311.75 (310.75)

LONDON MONEY

3-month interbank:
Closing rate 12 7/16% (12 5/8)
3-month eligible bills:
buying rate 12% (12)

STERLING

New York lunchtime $1.3295
London: $1.3275 (1.3175)
DM 3.99 (3.99)
FFr 12.145 (12.1475)
SwFr 3.34 (3.3475)
Y327.75 (325.65)
Sterling Index 82 (81.6)

STOCK INDICES

FT Ord 955.7 (+3.8)
FT-A All Share 607.21 (+0.8%)
FT-SE 100 1,260 (+10.9)
FT-A long gilt yield index:
High coupon 10.53 (10.57)
New York lunchtime:
DJ Ind Av 1,335.13 (+8.74)
Tokyo:
Nikkei Dow 12,963.35 (−6.24)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

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OVERSEAS NEWS

Yamani reins in criticism of Opec price cutting

BY RICHARD JOHNS IN VIENNA

OIL MINISTERS from the Organisation of Petroleum Exporting Countries (Opec) adjourned their gathering here last night before agreeing on a formal agenda. They are to convene again today.

The postponement came after Sheikh Ahmed Zaki Yamani, the Saudi Arabian Oil Minister, again complained that price cutting by other members had led to a drastic reduction in his country's production.

Sheikh Yamani complained discreetly, however, and there was an initial absence of open rancour as delegates informally but grimly reviewed the state of the market and ways of arresting the decline in production at a time when collective Opec output is still falling.

It is now believed to be running a little more than 14m barrels a day, well below the agreed ceiling of 16m b/d.

Sheikh Yamani seemed to be under instructions not to adopt a confrontation stance—at this stage at least—about the drastic decline in demand for Saudi oil to less than 2.5m b/d compared with the 3.5m b/d theoretically permitted it under Opec's present quota system.

He indicated that Saudi Arabia might not after all press hard for agreement on lowering official selling rates for heavy crudes, but concentrate instead on making other members curb their output through stricter respect for official prices or actual imposition of controls.

The signs were yesterday afternoon that the talks might be postponed until late in the month, perhaps the originally scheduled date of July 22, or until some time in August.

That would give more time for other members to consider the implied Saudi threat of going its own way by increasing output through an adjustment of prices with far more disastrous consequences financially for other members, with the exception of Kuwait.

On Thursday evening Opec's market monitoring committee considered a novel Iraqi proposal that the criterion of output levels would be the maintenance of "constant income" taking into account members' earnings from all their hydrocarbon resources including condensates, natural gas, and petrochemicals.

Serious consideration of it, though of potential long-term importance, could only vastly complicate the immediate need for asserting discipline and giving minimal support to Opec's existing—and collapsing—price structure.

Indonesia, China sign trade pact after 18-year freeze

BY CHRIS SHERWELL, SOUTH EAST ASIA CORRESPONDENT

CHINA and Indonesia, the world's largest and fifth-largest nations, yesterday signed a historic trade agreement which heralds a thaw in 18 years of frozen diplomatic relations.

The memorandum of understanding, signed in neutral Singapore by the Indonesian Chamber of Commerce and Industry (Kadin) and the China Council for the Promotion of International Trade (CCPIT), forms the basis for a resumption of direct trade between the two countries.

Once the two governments endorse the accord, Kadin will send a trade delegation to China and a CCPIT team will visit Indonesia. Kadin says it also plans to participate in a trade fair to be held in Peking in November.

The signing is a result of mutual understanding, mutual friendship and a will to co-operate," said Mr Sukamdani Gitosardjono, Kadin's president at yesterday's ceremony. Responding, Wang Yao Ting, chairman of CCPIT, said the agreement "built a bridge" in economic and trade relations.

Relations between the two countries were frozen in 1967 in the wake of an abortive coup against President Sukarno in 1965. Sukarno's successor, President Suharto, accused Peking of backing the Indonesian Communist Party in the takeover attempt.

The suspension has continued despite Washington's rapprochement with Peking in the 1980s and China's resumption of relations with Thailand, Malaysia and the Philippines, all Indonesia's partners in South East Asia.

This situation is now being re-appraised in Jakarta, and trade offers the best way forward. The two countries have retained indirect trade links down the years, forged through third parties such as Singapore and Hong Kong.

Official trade figures are notoriously unreliable. They point to exchanges worth some $250m (£191m) a year, vastly in China's favour. The true value is probably larger, and the balance closer.

With yesterday's accord, vessels flying the Indonesian and Chinese flags will be allowed into each other's ports. But businessmen will still have to obtain their visas in Singapore and Hong Kong.

● The Association of South East Asian Nations (Asean) has put forward a new proposal for solving the Kampuchean conflict, Kieran Cooke reports from Jakarta. According to Dr Mochtar, the Indonesian Foreign Minister, this involves talks between the Vietnamese and the coalition led by Prince Norodom Sihanouk fighting Vietnamese troops in Kampuchea.

Dr Mochtar said the talks would involve both sides meeting under one roof but in separate rooms. Discussions would then be carried out through an as yet unnamed intermediary.

Jakarta's concrete pipedream comes true

By Kieran Cooke in Jakarta

"YOUR flight to Singapore from Jakarta's new airport is cancelled."

"Why?"

"Because we are opening the new airport."

Sometimes life in Indonesia is like that—conundrums hitting you from every side. Yesterday the country was at its most perplexing as President Suharto officiated at opening ceremonies for the new Sukarno-Hatta International airport, 20 kilometres outside Jakarta, the country's capital.

The speeches, ribbon and displays of native dancing went on for more than four hours and most international and domestic flights in and out of Jakarta through the day were either cancelled or diverted.

Some, including many thousands of rather irate passengers, must have pondered the reason for the whole event. As the Indonesian cabinet, the diplomatic corps and more than 2,000 guests from both home and overseas gathered at the airport under the broiling sun, they too may have indulged in similar ruminations. After all, the airport has been in full operation for more than three months. Cengkareng—its original name—has already become part of the vocabulary of travellers, pilots and ticketing offices around the world.

Some feel the occasion was just another example of Indonesian, particularly Javanese, love for ceremony. Others say the naming of the airport after two of the leading figures in Indonesia's independence struggle was a politically significant gesture.

By including the name of former President Sukarno, President Suharto is marking the gradual rehabilitation, ...albeit posthumously, of a man who was officially felt to have almost delivered the country into the hands of communists 20 years ago—whatever the implications of yesterday's event however the new airport has hardly merited celebrating.

In its first days of operation aircraft meandered around the tarmac trying to find the correct parking bays. Passengers were trapped on board their incoming flights for more than an hour as inexperienced ground staff fought to master the new air bridges connected to exit doors. Many international passengers walked unchecked into the country while those on internal flights were puzzled to be asked for their passports.

Within a week, the whole viewing gallery was in a dangerous condition and is now closed for renovation. The airport's few restaurants and refreshment bars hardly ever open. Walkways between the terminals and aircraft are largely uncovered, causing many a passenger, navigating through a tropical storm, to take on the appearance of an overly harrassed shrimp.

The new 14 kilometre toll road from the airport connects directly into one of Jakarta's worst traffic jams. Tired taxi drivers are prone to nod off on the journey while operators at toll booths have no change.

The airport was built by a French consortium, led by Sainrapt et Brice and designed by Aeroport de Paris. Planners of both Charles de Gaulle and Orly airport, they and the French Government must be glad to have the whole Jakarta project behind them.

The work was undertaken on a fixed price contract totalling over $530m (£408m) more than half of it subsidised by soft loans and French government export credits.

The airport appears to have cost far more than that. Indonesia—seemingly on the personal order of President Suharto—insisted that a little known Indonesian construction technique, patented as the "chicken's foot" design, be used on all runways and taxiways. The design, for use in swampy areas, involved drilling more than a quarter of a million reinforced concrete pipes vertically into the soil.

The method has previously been used at two other Indonesian airports. At both, shrinkage cracks have developed. French engineers soon found they were dealing not with chicken's feet, but with an albatross.

Biko doctors found guilty of improper conduct

BY ANTONY ROBINSON IN JOHANNESBURG

NEARLY eight years after the death in police custody of Mr Steve Biko, leader of the Black Consciousness Movement, the two doctors who examined him at the request of the security police have been found guilty of disgraceful and improper conduct by the South African medical and dental council.

An inquiry set up by the council found that Dr Benjamin Tucker was guilty on 10 counts of "disgraceful conduct" during his treatment of Mr Biko in the five days prior to his death in September 1977. Dr Ivor Lang was found guilty of "improper conduct" on eight counts.

Both doctors were district surgeons in Port Elizabeth at the time of Mr Biko's detention and death and failed to object to his transfer in the back of a police landrover 1,200 kms from Port Elizabeth to Pretoria.

Evidence given referred to a medical certificate issued by Dr Lang in which he stated "I have found no evidence of any abnormality or pathology" although Mr Biko, lying shackled on a urine soaked mat at security headquarters was speechless, foaming at the mouth and displaying other signs of brain damage.

Despite the findings of the committee neither of the two men have been struck off the medical roll. Dr Tucker was given a suspended sentence and Dr Lang was reprimanded.

Meanwhile outrage is growing over the latest mysterious deaths in the Port Elizabeth area, those of 38-year-old teacher Mr Matthew Goniwe and three other leaders of the Cradock Community Association, an affiliate of the anti-apartheid United Democratic Front (UDF), which has been campaigning for improved facilities and schools

Gujarat Chief Minister to be replaced

THE Chief Minister of the troubled state of Gujarat, Mr Madhavsingh Solanki, is expected to be replaced in the next few days as part of moves initiated yesterday to check public order deterioration in the western Indian state. He met Mr Rajiv Gandhi, the Prime Minister, yesterday. K. K. Sharma writes from New Delhi.

Opposition parties have been demanding the dismissal of Mr Solanki since an agitation began in Gujarat four months ago against his decision to increase the number of jobs reserved for members of backward castes.

Ahmedabad, capital of Gujarat and main centre of the Indian textile industry, and many other towns in the state are under a curfew. Because police have failed to check the continuing violence, the law and order situation is now in the hands of the army.

Caribbean trade

Caribbean Community heads of government have failed to solve problems which have depressed trade within the 13-nation group, Canute James reports from Bridgetown. At the end of a four-day summit, they agreed that a package of measures to stimulate trade, agreed a year ago, should be implemented by the end of next month, the third target date.

Italian petrol prices

Italy is to carry out a partial liberalisation of the price of petrol, James Boxton writes from Rome. The price will no longer be fixed by the Government but will be allowed to move freely in line with the average price in other EEC countries.

UN upset for Turkey

TURKEY regards the latest draft agreement on Cyprus, being put forward by the United Nations Secretary-General Mr Perez de Cuellar as inadequate, according to Foreign Ministry sources in Ankara, David Barchard reports.

Details have not been published but it is thought that the new draft is less accommodating to the Turkish side on matters such as the role of the president and vice-president and of the central government under the new proposed settlement.

UAW balks at approving agreement for GM unit

THE EXECUTIVE board of the United Auto Workers (UAW) has balked at approving a Labour agreement for General Motors (GM) Saturn unit, and sent union negotiators back to bargain with the company, AP-DJ reports from Detroit.

Some of the 25 members of the union board, which must endorse any Saturn pact, on Thursday night objected to parts of a tentative understanding on major principles reached several days ago by GM and a AUW team. Major misgivings are understood to have been in the area of pensions.

The negotiation of a final labour agreement is understood to be holding up GM's announcement of which site it has picked for its $3.5bn (£2.7bn) Saturn manufacturing complex aimed at building a small car.

Among principles tentatively agreed to were that Saturn's production employees would be paid a form of salary instead of the customary hourly wage, that workers' compensation would be more closely tied to profit and the plant would have very few job classifications.

● Sales of U.S.-made cars fell 12 per cent in late June, continuing a trend of weak sales amid signs that relaxed restraints on Japanese imports are beginning to hurt U.S. car makers.

The decrease brought U.S. car sales for all of June down 3.2 per cent from a year earlier, and slowed the annual sales pace for domestic cars to its lowest level since last November. Foreign car makers, however, made a staggering sales gain of 18 per cent for June, capturing 28 per cent of the U.S. market, up from 24 per cent a year earlier.

Car makers blamed the continued drop in sales on the expiration of most of the companies' consumer low interest incentive programmes.

Wall Street analysts said U.S. companies are having difficulty competing against increased imports, mainly from Japan.

U.S. car sales for June fell to 676,675 units from 727,370 in June 1984. Sales of imported cars in June rose to 265,699 vehicles from 234,814 a year earlier.

Black box signal picked up from Air India Jumbo

BY OUR DUBLIN CORRESPONDENT

IRISH NAVAL vessels have now picked up a continuous signal which is likely to provide a positive fix on the black box—the in-flight recorder — from the Air India Jumbo which crashed two weeks ago with the loss of 329 lives.

Investigators have confirmed that underwater cameras linked to a French cable survey vessel operated by Cable and Wireless have sighted substantial pieces of wreckage lying at 6,000 feet. Some reports say that bodies and seats have also been picked up by the cameras.

Some of the sections of fuselage are said to extend to the length of eight windows.

Meanwhile, as another Irish naval vessel headed towards the crash site, 100 miles off the Cork coast, Air India officials and Irish investigators were due last night to give a news conference reviewing progress to date in the hunt for clues to the disaster. The next move is likely to concentrate on the retrieval of the pieces of wreckage already located by the cable ship and the intensification of the search for the in-flight recorder.

Namibia company taxes up

BY OUR JOHANNESBURG CORRESPONDENT

MR DIRK MUDGE, Minister of the Finance in the recently appointed interim government of Namibia/South West Africa, yesterday presented the 1985 budget which raises taxes on companies and mines, except diamond mines. Tax on the profits of uranium and other mines, except diamond mines, will rise from 40 to 42 per cent while company taxes will rise from 42 to 44 per cent.

Unlike South Africa, which raised the General Sales Tax (GST) from 10 to 12 per cent in the budget last March the GST in Namibia remains unchanged at 9 per cent, Mr Mudge said.

Budgeted expenditure for fiscal 1985 at R1.39bn (£554m) is 8.3 per cent above spending in fiscal 1984 but this represents a 3 per cent decline in real terms. Inflation over the first four months of 1985 was 11.9 per cent. The budget deficit this year should be lower at R146m compared with R189m in fiscal 1984, Mr Mudge added.

Lebanon fights U.S. effort to close Beirut airport

BY NORA BOUSTANY IN BEIRUT

LEBANON yesterday pursued efforts to forestall U.S. plans for a Western boycott of Beirut International airport and sought Arab counter measures against U.S. air and shipping lines.

Mr Reginald Bartholomew, U.S. Ambassador, delivered a message from President Ronald Reagan to Mr Amin Gemayel, the Lebanese president, explaining the reasons behind Washington's attempt to isolate Lebanon's only airport and link to the outside world. State-owned Beirut Radio quoted Mr Gemayel as telling Mr Bartholomew that Lebanon "regretted and was surprised at America's unjust action." Mr Gemayel stressed that the U.S. should "direct its attention to the roots of terrorism, which lie outside Lebanon," Lebanese officials said.

The letter came the day after a series of high-level meetings and decisions aimed at boosting confidence in Beirut airport.

Lebanese officials launched a two-pronged diplomatic offensive to persuade European countries not to join the ban against Beirut airport and Arab states to deter the boycott with similar moves. Officials said Beirut may ask the Arab Transport Federation for an urgent meeting to consider counter-measures.

The moves come as a result of the hijacking of an American TWA airliner.

The local press gave prominent coverage to decisions by Italy and Greece that they would continue to receive Lebanese flights. The U.S. discontinued bi-weekly flights to New York by Lebanon's flagcarrier Middle East Airlines. Washington's ban also terminates services by MEA and Lebanese cargo carrier Trans World Airways between Lebanon and America.

● Israel could be facing industrial strife, with demonstrations, selective strikes and possibly another general strike if the Government and the unions cannot reach agreement over the new economic austerity programme, David Lennon writes from Tel Aviv.

Militant unions are threatening wildcat strikes to protest the planned wage cuts, if the Histadrut trades union federation fails to persuade the Government to ease back on some of the new measures.

Fighting continues in Guinea as troops put down coup attempt

BY PETER BLACKBURN IN ABIDJAN

TROOPS LOYAL to President Lansana Conte of Guinea suppressed a coup attempt on Thursday night, according to government reports.

Yesterday crowds demonstrated in the streets of the capital as fighting continued around Conakry radio station. Reports said there were several casualties. The whereabouts of the coup leader, Colonel Diara Traore, former Prime Minister and number two in the military regime, are unknown.

The coup attempt was made hours after President Conte flew to Lome, the Togolese capital to attend a summit meeting of the 16 member Economic Community of West African States (Ecowas).

After seizing control of Conakry radio, Colonel Traore told the nation that the government of Colonel Conte was a "total disappointment." The country was in a "major economic crisis" and faced "disintegration," he said. Urgent corrective action was needed. He accused the Government of "dragging its feet" since seizing power 15 months ago shortly after the death of President Ahmed Sekou Toure.

The abortive coup reflected the frustration of Guinean hopes that life would quickly improve after 26 years of bloody and pitiless dictatorship under Sekou Toure. During this period some 25 per cent of the population of 5.5m fled the country and the "jewel" of French West Africa was reduced to economic ruin.

President Conte freed political prisoners and restored human rights but he has been slow to tackle the country's economic problems.

The Government has been unwilling to devalue the grossly

overvalued, non-convertible local currency — the Syli. This has held up agreement with the IMF on a standby credit and recovery programme which would have paved the way to rescheduling the country's estimated $1.5bn (£1.15bn) external debt.

It has also held up a world bank structural adjustment loan and the financing of a three year economic recovery programme giving priority to agriculture and communications. Both foreign aid donors and private investors have preferred to wait until reforms are implemented.

The Government has also been slow to reorganise and reduce the size of the inflated civil service which has strong vested interests to protect and constitutes a powerful obstacle to economic reform.

Guinea possesses one third of the world's bauxite plus vast iron ore, diamond and gold reserves but it remains one of the world's poorest countries with a per capita income of less than $300 per year.

Several joint mining ventures such as the Compagnie des Bauxites De Guinee were formed in the 1970's but they are enclave operations bringing little direct benefit to the local economy.

Colonel Traore, a Malinke from the north eastern town of Kankan, is described as dynamic but impetuous. He contrasts strongly with the slow moving and reserved President Conte, from the coastal Sousou tribe.

Col Traore was the most prominent personality during the regime's early months making frequent trips abroad. But he was demoted to the post of education minister last December as President Conte moved to assert his authority.

The coup attempt did not surprise observers who point to the known rivalry between the two colonels as well as growing social malaise in the country.

Frustration and impatience especially among young Guineans last month exploded into a riot at a reggae concert by Alpha Blondy the Ivorian "rasta" star, in which seven people, including three soldiers died.

As outgoing President of Ecowas, President Conte was persuaded to attend the Ecowas summit even though the domestic political situation was tense. Despite his absence loyal troops quickly regained control of the capital though they have not stopped crowds looting Malinke-owned shops.

Former President Sekou Toure was also a Malinke and there are fears that there could be a bitter backlash against the Malinke people who have dominated the Guinean political scene for most of the period since independence.

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IMF chief urges cut in U.S. budget deficit

BY STEWART FLEMING IN WASHINGTON

QUICK AND decisive action to cut the federal budget deficit in the U.S. is "essential" if the economies of the industrial countries are to continue to grow rapidly enough to sustain the current improvement in the output and finances of the developing world, Mr Jacques de Larosiere, managing director of the International Monetary Fund, said yesterday.

In a particularly blunt assessment of U.S. economic policy, he described current U.S. dependence on $100bn (£76bn) a year of capital inflows as a process which "cannot continue indefinitely." Mr de Larosiere said that the U.S. was currently importing one sixth of net savings of the rest of the world. He added that this "does not, under present conditions, represent a desirable allocatioo of global savings and is unlikely to be sustainable over the medium term."

Although the IMF managing director balanced his remarks with a call for European countries in particular to "restore a greater degree of structural flexibility" to their economies and cut government budget deficits, he cited the U.S. budget deficit as beiog "of particular concern" because of the size of the U.S. economy relative to the rest of the world.

In a speech to the economic and social council of the United Nations in Geneva, a text of which was released in Washington, Mr de Larosiere also had some harsh words to say on the topic of protectionism. He accused industrial country governments of not living up to pledges to roll back trade restrictions and described protectionism as "a major stumbling block on the road to sustained growth."

Reviewing the lessons of the world debt crisis of the past few years, Mr de Larosiere said developing countries that did not borrow excessively in the 1970s have grown faster and not had to cut back their imports significantly during the 1981-84 period of economic adjustment. Moreover, these countries grew just as rapidly as the heavy borrowers in the previous decade.

He stressed that ecooomic adjustment policies must be sustained in developing countries, particularly in countries in which inflation has not been cut back. "They will need to inteosify their adjustment efforts," Mr de Larosiere said, adding: "I believe that in these cases greater resolve on the part of the authorities aod improved co-ordination among donor countries, the World Bank and the Fund are crucial ingredients."

Bonn raises credit for East Berlin

By Leslie Colitt in Berlin

EAST GERMANY and West Germany yesterday signed an agreement under which the Bonn Government raised the interest-free "swing" credit it grants to East Berlin from DM650m to DM850m (£163m to £214m).

West German officials also noted that the increase this year in the number of East Germans allowed out to visit family in West Germany on special occasions was "not entirely unrelated" to the accord.

The "swing" credit allows East Germany to overdraw its account in the clearing system of trade between Bonn and East Berlin. Recently, however, East Germany made only partial use of the advantageous credit line and West German officials speculated that this was to demonstrate that East Germany could, if need be, do without it.

Officials from the East German Foreign Trade Ministry and the West German Economics Ministry also agreed on measures to expand bilateral trade, which rose only sluggishly to DM15.5bn last year.

East Germany also agreed to halve the number of Sri Lankan Tamils who arrive in East Berlin to seek asylum in West Berlin.

Why Hermann is a symbol of German unity

BY RUPERT CORNWELL IN DETMOLD

Statue of Hermann: focus of patriotism.

GERMAN NATIONALISM has few heroes—least of all upon the battlefield as this 1985 of uncomfortable anniversaries has amply proved. But there is one though, whose achievement has survived 1,976 years of pretty turbulent history. His statue, measuring exactly 165 feet from stone base to tip of the outstretched sword above, towers close by here, upon a range of forested hills which mark the natural division between the great Westphalian and Polish plains.

The views are marvellous, but the place bleak and menacing: in winter especially when the trees and distant countryside are dusted with snow—but hardly less so in summer. The dark Germanic woods must look much as they did in 9 AD, when Hermann, chief of the Cherusci (or Arminus to give him his Latin name) led a federation of tribes to *annihilate* the armies of Quintilius Varus.

Every schoolboy worth his salt in Roman history knows the story of the three crack legions—the 17th, 18th and 19th—which were destroyed with Varus, who in defeat committed suicide, and of the despair of the griefstricken emperor Augustus: "Varus, Varus, give me back my legioos." But it was also a battle which changed European history, in ways which echo down to this day.

German unification, indeed the whole "Germao questioo" are problems as alire in 1985 as they were for the Roman empire at the height of its powers. In the Teutoburger forest, Hermann proved for the first time just how powerful the country could be, if the fragmented German populatioos were welded together — "German unity my strength" reads the inscription along the blade of the 22-foot sword:

Who knows what might have happened if the Romans had won that day, and Augustus had succeded in pushing the frontiers of empire from the Rhine east to the Elbe and Danube. Might not most of what is now Germany have been more greatly assimilated into a Latinised, later Catholic, Western Europe? Woul dthere even be a "German question to talk of now?"

But historical "what-ifs," although fun, are futile. The Romans lost: and Hermann, defender rather than aggressor, in the words of Tacitus "without doubt the liberator of Germany," has become a subtle focus of patriotism and nationalism. In the light of recent German disasters, those are still stained words for some. But Hermann and his feat of arms are unequivocally clean.

That, almost certainly, is the main reason — apart from the attractiveoess of the site—why more than 1m people go there every year. They make up all sorts: curious foreigners; busloads of children from school, hot on the trail of dead Romans —even though no-one knows for sure exactly where the fighting took place—ordinary Germans on works outings, and, above all, older people maybe wondering about lost unity, and possibly even about lost homes in the former East of a greater Germany as well.

Whoever they are though, they could hardly be greater patriots than Ernst von Mandel, the art student from Munich, fired by the successful fight for independence from Napoleon, who devoted his life to constructing the monument "in honour of the German people." He started work in 1841, and the massive brown-stone plinth alone took eight years.

Then public interest waned, and only by borrowing to the hilt could Von Mandel, virtually singlehanded, keep the project goiog. But in 1869 a visit by King Wilhelm fired fresh enthusiasm, as did the Franco-Prussiao war of 1871. The Reichstag granted 10,000 talers, and by 1875, 34 years after work had begun, the entire copper statue weighing nearly 80 tons was ready.

That August 16, io the presence of Kaiser Wilhelm I, the Crown Prince, the monument was ceremoniously handed over to the German nation. The programme of the day records that guests were woken at 6 am for the big event, and that the afternoon was given over "to patriotic songs."

Von Mandel died just a year after, but for the past 110 years, with ups aod downs, the *Hermonn-denkmol* has remained a shrine. It even has a junior brother in New Ulm, Minnesota, erected in 1897 by German emigrants, grouped into "the lodges of the Sons of Hermann." The original monument has had a more chequered career: inevitably Hitler was fond of visiting it, using the battle it commemorated to prove the superiority of the blond Nordic race. During the 1960s far right organisations, including one called the "Viking-jugend" weot there for similar reasons.

But even Hermaon has been unable to escape the ravages of German history. In the closing stages of the last war, the site became a radio position for invading British troops. Some understandably exhilarated shooting, the keeper of the small museum remembers, caused some bullet scars on Hermano's face, entailing minor repairs.

Post-war events, meanwhile, have seen to it that the British never left. Today, the Blues aod the Royals and the 4th/7th Dragoons armoured regiments are based at Detmold. Chieftain tanks of a foreign army, albeit a friendly one, rumble around the roads slowly below towards Paderborn 40 kilometres away. What Hermann the hero would think of Germany's largely surrendered sovereignty, and of the lost unity betokened by the presence of foreign soldiers upon West German soil, can only be imagined.

West 'encouraged' at talks about European security

BY DAVID BROWN IN STOCKHOLM

THE 35-nation European Security Conference in Stockholm ended its sixth session yesterday with delegates from both Nato and the Warsaw Pact accusing each other of obstructing progress at the talks.

However, Western delegates stressed privately that the atmopshere of the conference, which has now passed its half-way mark, was both constructive and business-like. Further progress, possibly leadiog to preliminary drafting of a concluding document, is likely after the forum reconvenes in September.

"There is reason for encouragement," Mr James Goodby, ambassador said. "The range of our debate is more precisely defined and our vocabulary increasingly similar."

However, he reiterated his criticism of the "limited vision" of Eastern bloc proposals tabled thus far.

Duriog the session, the Warsaw Pact for the first time tabled several counter-ideas to earleir Western proposals for "confideoce building measures" (CBM's) aimed at averting the risk of accidental war in Europe.

The two sides remain well apart on specific issues such as the extent and thresholds for advance notification of military movements, verification procedures and observation methods, among others.

Western delegates are pressing for "a significant expaosion" of such CBMs, against a wish by the Eastern bloc to place a heavier emphasis oo so-called declaratory measures such as a mutual renunciation of the first-use of force.

A senior Swedish delegate said the mutual and non-aligned bloc of states will submit a detailed working document at the start of the next session aimed at bridging the major differences between the super powers.

Although the U.S. has repeated its view of the "inseparable link" between progress oo human rights and security issues, delegates noted that detailed negotiations at the Stockholm conference have not heen held up by the failure of the six-week human rights conference in Ottawa.

The 10-year anniversary of the 1975 Helsinki accords is to be celebrated at the ministerial level in Finland at the end of this month.

GONZALEZ RESHUFFLES CABINET

Pro-Western stance affirmed in Spain

BY TOM BURNS IN MADRID

A DUAL message of pro-westernism and continued pragmatic economic policies, has emerged from Sr Felipe Gonzalez's first Cabinet resbuffle.

New foreign affaira and economy ministers were sworn in yesterday as well as new holders of the industry, transport, public works and regional affairs portfolios.

The message would have been far clearer had not Sr Miguel Boyer, the architect of the austerity policy over the past two years, quit the Cabinet despite the Prime Minister'a request that he stay on.

Sr Boyer's departure was unexpected but be is by no means indispensible. By promoting Sr Carlos Solchaga, the industry minister, to the economy, finance and trade portfolio, Sr Gonzalez has more than adequately filled the post and signalled continued austerity.

What is ironic is that Sr Boyer high-handedly refused to serve in a new government that was tailor-made to his own political preferences. The transport and the public works ministers, who had been at loggerbeads with Sr Boyer, were dropped from the Cabinet at his request and Sr Francisco Fernandez Ordoñez was named foreign minister at Sr Boyer's recommendation.

The real political significance behind the shake-up is the dismissal of Sr Fernando Moran, a foreign minister who never hid his doubts over Spain's Nato links. With the prispect of a referendum on Nato membership early next year, Sr Gonzalez needed a supportive pro-alliance foreign minister aboard his government team.

The poiot was succinctly put yesterday by Sr Andreu Claret, the spokesman for the Communist Party: "Moran's sacking is Reagan's revenge. With Moran gone, Felipe Gonzalez has removed the last obstacle to his government to his pro-North American policies."

The Prime Minister said that Sr Boyer had irrevocably resigned because be was "tired." Other aources said that the erstwhile economy supremo had wanted his job raised to the raok of deputy prime minister and had quit when Sr Gonzalez refused to meet his request.

On the "tired" issue it is an open secret in Madrid that Sr Boyer has been undergoing personal problems. As for a quest for power, Sr Boyer could hardly complain about the unstinting support that Sr Gonzalez has lent to his policies and his nominees.

Those who know well the often inscrutible Sr Boyer speak of his temperumental nature. He has quit a variety of posts in the past with equal suddeness and in fact at one stage left the Socialist Party ooly to return to it a couple of years later.

The departure of Sr Boyer could well prove to be a blessing in disguise for Sr Gonzalez. He was the proverbial red rag to the bull aa far as the trade unions were concerned. Sr Nicolas Redondo, the leader of the Union Generale de Trabajadores (UGT) like to talk about the "aristocratic embrace" that has gripped Sr Gonzalez's Government, a jibe most directed at Sr Boyer's connections with high society.

Sr Solohaga is however no captive minister who will paoder to the onions. He spearheaded the policy of industrial reconversion and rode roughshod over sqneals of protest from Sr Redondo and from the Communists union, Comisiones Obreras, as he set about forcing large scale redundancies in the loss making, overmanned smoke stack industries of the public sector.

The new economy minister said yesterday that there would be no chaoge in the broad priorities of bringing downu inflation, cutting back on government spending and licking the Spanish economy into shape for the challeoge of European membership.

Sheffield Forgemasters to make 520 redundant

BY IAN RODGER

SHEFFIELD Forgemasters, the troubled forgings and castings group set up nearly three years ago by British Steel and Johnson & Firth Brown, is making 520 of its 3,000 employees in the Sheffield area redundant.

The redundancies are part of an efficiency drive launched by a new management team appointed earlier this year. Mr Philip Wright, who was brought in as managing director in May, said yesterday that the group's operations were being set up as largely independent businesses.

Jobs were being eliminated in centrally controlled services, such as maintenance, finance and personnel. He said 260 shop-floor jobs, 180 staff jobs and 80 managerial were redundant.

He said Forgemasters' order books were about 20 per cent higher than a year ago. If the redundancy programme went smoothly, the group hoped to reach break-even point before interest charges during its current financial year which began on July 1.

Forgemasters was formed in November 1982 by combining the special steels and heavy forging and casting businesses of BSC and JFB. At the time, both were in difficulty because of the sharp decline in demand for their products from traditional customers in the aerospace and capital goods industries.

BSC injected £27m into the joint venture and another £10m in loans was raised from institutional investors. Forgemasters has closed considerable capacity and reduced its workforce from more than 6,000 to 3,800. But it has lost more than £35m in the past three years.

Last December, the group had to raise an additional £10m, and it appointed a new chairman, Mr Thomas Kenny, also chairman of GEI International.

Forgemasters' financial difficulties have been particularly embarrassing for JFB, which has been unable to generate enough profits in its own operations to offset its 50 per cent share of the venture's losses. It would like to sell its share stake in Forgemasters but recognises that it is unlikely to find a buyer unless and until there is some evidence that the venture can be profitable.

The current restructuring will result in the formation of eight separate businesses within Forgemasters — melting and heavy forging, castings, drop forging, special steels, aerospace products, forged rolls, cast rolls and engineering products.

Mr Wright said there were no plans for disposals. "Our objective is to make all of them profitable. Our view is that each has a future."

Posgate may return to Lloyd's next year

BY John Moore, City Correspondent

MR IAN POSGATE, once one of the leading underwriters in the Lloyds insurance market, could make a dramatic return to Lloyd's early next year, after completion of disciplinary proceedings against him by the market's authorities.

Next week, the ruling council of Lloyd's will consider the decision by Lord Wilberforce, head of the market's appeals tribunal, which overruled an earlier verdict by a disciplinary committee in proceedings against Mr Posgate. A report of the disciplinary case against Mr Posgate will be published.

The disciplinary committee had ruled that Mr Posgate should be expelled from the market for life. But Lord Wilberforce—it is understood, after a public hearing of Mr Posgate's appeal—decided that a penalty of suspension should be imposed, which would expire early next year, it is also understood.

The ruling council next week will ratify the decision by Lord Wilberforce. The council can only reduce sentences imposed by disciplinary proceedings; it cannot increase the sentence. But the authorities at Lloyd's may insist that Mr Posgate go before a committee to gain approval by the Lloyd's authorities, under their "fit and proper persons" rules, before he may be allowed to work in the market.

Mr Posgate, who has been suspended from underwriting at Lloyd's for 2½ years, was found by the disciplinary committee to have been guilty of discreditable conduct in accepting gifts. The gifts, it was alleged, were intended to induce him to place reinsurance business through the Alexander Howden Group, a large insurance broking group with extensive Lloyd's underwriting interests. He was Alexander Howden's star underwriter until 1982.

Lord Wilberforce heard during the appeal that an impressionist painting worth $90,000 (£68,310) and shares in a Swiss bank, the Banque du Rhône et de la Tamise, were given to Mr Posgate by Mr Keneth Grob, former chairman of Alexander Howden.

Mr Posgate argued that the painting—by Pissarro—and the shares were for services rendered. Lloyd's asserted that they were intended to influence his underwriting.

The disciplinary committee had acquitted him of serious charges of being a party to plundering, siphoning of funds and shuffling figures of Alexander Howden Group for the personal benefit of himself and others.

Mr Posgate's troubles began in 1982 when he was at the centre of allegations that he and other former directors of Howden had misappropriated $55m of funds of the Howden group and its Lloyd's underwriting members. Mr Grob, former chairman, Mr Ronald Comery and Mr Jack Carpenter, two former executives, face expulsion from the market.

Robin Reeves watches the celebrations of the by-election victors

Liberals raise a toast to the future

MR ALAN WATSON, the Liberal Party president, could wait no longer. Sitting in one of the stately rooms of Brecon's Guildhall, he quietly eased the cork out of his champagne bottle half-way through the recount.

"This result means," he *beamed triumphantly*, "that at the next General Election we will have an Alliance or at least a coalition Government.

"This was the first by-election which was a clear three-party fight, and the Alliance got there in sufficient strength to stop Labour."

But pleasure at the result was not confined to Liberals. It was all smiles too in the Labour camp.

"This result will reflect great credit on the Labour Party nationally," stressed a very cheerful Ms Patricia Hewitt, Mr Neil Kinnock's press officer.

"Remember, this was not a seat we had targeted to win. It was the safest Conservative seat in Wales, and the Alliance did slightly worse than in Enfield or Portsmouth South."

BBC Newsnight's exit poll the previous evening, predicting a small but decisive Liberal victory, though 3 per cent awry in the event, had taken a lot of the tension out of the morning's proceedings as campaign workers, a huge media circus and a crowd of 1,500 awaited the results outside the Guildhall.

Mr Richard Livsey: Thumbs up for victory

News of a recount produced a momentary flurry of excitement. But it quickly emerged that the margin was 500 votes.

This was no early morning count by bleary-eyed local government officials, so the chances of an error of these dimensions seemed, to say the least, unlikely.

As everybody awaited confirmation that the Alliance had indeed won an historic victory, campaign workers from the parties mingled happily together comparing notes.

"At midday yesterday we thought we would miss it by 300 votes. But by six o'clock we reckoned we would just scrape home," said Mr Frank Leavers, SDP Welsh organiser, now suffering a severe bout of clutch knee after driving Mr Richard Livsey, the victorious Liberal candidate, around this very extensive constituency for three weeks solid.

"I said we would win this seat if we got 13,500 votes," chipped in Mr Alan Rogers, MP for Rhondda Mr Richard Willey, the Labour Party's minder throughout the campaign.

The Conservatives were understandably in more pensive mood. "Chris Butler fought a brave campaign but it is a matter of horse for courses.

"Conservative Central Office should take locl views more into account," a veteran local Tory confided.

Ritual formalities of the results announcement over and after speeches to the assembled crowd outside for Mr Livsey and Mr Willey, party campaign workers returned to their separate quarters either to celebrate or commiserate and generally chew over the cud of the campaign.

All were agreed that while yesterday belonged to the Alliance, come the next General Election Brecon and Radnor would remain an intriguing and fiercely-fought three-horse contest.

Alliance launches strong attack on Mori polls

BY PETER RIDDELL, POLITICAL EDITOR

ALLIANCE leaders yesterday launched a strong attack on Mr Robert Worcester, chairman of Market and Opinion Research International, the opinion polling organisation whose figures on the Brecon and Radnor by-election were radically different from the result.

The final Mori poll, published in The Mirror on Thursday, put Labour in the lead with 46 per cent, the Alliance second with 28 per cent and the Tories third with 24 per cent. The Alliance actually won 35.8 per cent of the vote, Labour 34.4 per cent and the Tories 27.7 per cent.

Mr Worcester is also polling adviser to the Labour Party.

In the House of Lords yesterday, Lord Tordoff, the Liberal Peer, attacked Mori's methods of assessment and Dr David Owen, the Social Democrat leader, wrote to Mr Worcester questioning a series of recent polls by Mori giving Labour a big lead in the by-election.

Dr Owen said he had lost confidence in Mori and Mr Worcester and he would refuse to be interviewed for a commercial poll for Mori on MPs views.

Privately, Labour leaders are embarrassed at the inaccuracy of Mr Worcester's final poll, especially given his close links with them.

Mori is one of the major organisations conducting political polls and produced the most accurate final projection of the General Election result in 1983.

Mr Worcester, interviewed on BBC Radio yesterday before the result was known, said that he believed his methods were "the most accurate." He pointed to a new system based on the use of census material.

BS plans no new job cuts

By Andrew Fisher

NO FURTHER job and capacity cuts beyond those under way are planned at British Shipbuilders following EEC approval of increased subsidies, Mr Norman Lamont, junior Industry Minister, said last night.

Welcoming this week's agreement with the European Commission, he said: "These new, more generous arrangements provide a satisfactory basis for the industry until the end of next year."

The subsidy levels cover 22.5 per cent of the contract price of a ship against 17 per cent previously for state-owned British Shipbuilders and 27.5 per cent (18 per cent) for Harland and Wolff in Belfast. Higher payments may be considered by the EEC, especially where there is no EEC competition.

The subsidies are aimed at closing the large price gap with Far Eastern yards. EEC approval was conditional on yards slimming capacity and modernising. Italy and Holland also obtained greater subsidy levels.

BS has reduced capacity sharply in the past few years. Harland and Wolff recently announced further redundancies. Both groups have won new business, but still lose money.

Mr Lamont said no capacity reductions were called for under the new subsidy deal beyond those being implemented as a result of privatisation of the warship yards and through BS's regional reorganisation to make merchant yards more efficient.

Since 1979 direct and indirect financial support to BS has totalled £1.29bn.

Austin Rover increases sales in first half of year

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER, BL's car subsidiary, was the only company among the three big UK-based motor producers to increase car sales in the first half of 1985.

With the total new car market remaining virtually static—at 943,636 registrations it was just 0.02 per cent below the January-June period last year—Austin Rover's volume sales eased ahead by 1 per cent to 168,617.

By contrast, Ford, the market leader, continues to suffer a sales decline. During the half-year, Ford's registrations dropped by 9 per cent to 246,982.

General Motors, the Vauxhall-Opel group, expected to increase its sales this year but by the end of June had suffered a 2 per cent slip to 163,144, according to Society of Motor Manufacturers and Traders' statistics.

Austin Rover's first-half performance would have looked better but for a stumble in June, when registrations at 21,502 had dropped by 9 per cent compared with June 1984, and its market share fell to 15.84 per cent.

That enabled GM to take second place in the sales league in June with 16.56 per cent against Ford's 28.74 per cent.

The total of imported cars in overall sales remained near record levels in the first half of 1985, reaching 58.72 per cent against 55.88 per cent in the same months last year.

Not only were "captive" imports from their Continental factories by Ford and GM adding to the import total this year, but traditional importers—particularly Renault and Fiat—recovered some ground they had lost in recent years.

UK NEW CAR REGISTRATIONS—FIRST SIX MONTHS

	1984	1985
Total	943,868	943,636
	% shares	
Ford	28.64	26.17
BL	18.30	18.04
GM (Vauxhall-Opel)	17.61	17.29
Volkswagen-Audi	5.75	6.09
Nissan	4.82	4.91
Peugeot-Talbot	3.95	4.20
Renault	3.23	4.18
Volvo	3.26	3.36
Fiat	2.51	2.95

Source: Society of Motor Manufacturers and Traders

Volvo, which has been gaining ground steadily, reported its best first half-year with registrations totalling 31,683 and a market share of 3.36 per cent.

Star performer among the importers in the first half, however, was BMW, which achieved a 30 per cent increase in registrations to 17,798 compared with last year, a performance which lifted the West German group's penetration from 1.45 per cent to 1.89 per cent. BMW introduced the "tax-breaking" 518i model earlier this year and capacity for export cars was available at the factories in the first quarter because of a downturn in sales on the German market.

Best-selling cars in the first half were: 1 Ford Escort (78,985 sold); 2 Vauxhall Cavalier (72,156); 3 Ford Fiesta (64,418); 4 Austin Metro (60,196); 5 Ford Sierra (52,337); 6 Austin Montego (41,893); 7 Vauxhall Astra (36,859); 8 Vauxhall Nova (36,545); 9 Ford Orion (33,744); 10 Austin Maestro (28,669).

Banks build up mortgage market

Margaret Hughes looks at how banks are increasing home loan lending

Barclays Bank's announcement on Thursday that it was increasing its basic mortgage rate disguised the fact that it is both making it easier, and in most cases cheaper, for borrowers to get mortgages. Barclays removed the restriction to customers of six months' standing and abolished the differential structure whereby it has been charging more for larger mortgages because, in common with other clearing banks, it is keen to step up its mortgage lending, coinciding with its interest rate change.

Barclays said that it was to double its *monthly allocation* for mortgages to £100m. The level of mortgage lending by banks is still well below their peak reached in the third quarter of 1982 when their lending levels was not far short of the building societies. While the building societies lent £2.14bn in that quarter the banks advanced £1.5bn. In the first quarter of this year bank mortgage lending amounted to only £644m against £3.09bn by the building societies. In the third quarter of last year bank lending had dipped to its lowest level since 1975 at £58m.

While National Westminster Bank has so far lent a total of £3.6bn in mortgages and Barclays £2.5bn, the mortgage books of the other clearers are smaller than the gross advances made by building societies each month. In May, for instance, building societies lent £2.28bn.

Although Barclays has been operating a £50m allocation for some time, it has been actually lending much less. Similarly, NatWest, the biggest lender among the clearing banks and the only one to stay consistently in the market, has so for only lent £350m of its £1bn allocation for this year.

NatWest reports that demand has picked up in the last month or so. Midland Bank has stepped up its lending from £25m to £30m a month at the beginning of this year to a current level of £40m. But this has been as a result of an extensive marketing campaign including newspaper advertising of its mortgages.

Lloyds Bank too has been marketing its mortgages more aggressively. Mortgage lending is highlighted in its corporate television advertising and has been running a three-month discount. Anyone who took out a mortgage between April 1 and June 30 received a 0.5 per cent reduction in the mortgage rate which last for the first 12 months of the loan. Lloyds Bank will not disclose the level of its monthly lending, but says that there has been a substantial increase as a result of the discount scheme.

At one time it operated a differential structure but abandoned it late last year as part of its bid to step up mortgage lending.

Mortgage lending is particularly attractive to banks when interest rates are high. And having substantially increased the returns which they now give to depositors since the requirement in April to deduct tax at source from depositors' income they are even more anxious to step up their lending. But the mortgage market is currently less buoyant than it would normally be at this time of the year. This is partly due to the current high level of interest rates depressing demand but there is also now a much greater supply of mortgage funds.

Nor do the building societies and clearing banks have the market to themselves. Foreign banks like Citibank, Chemical Bank, Manufacturers Hanover, Security Pacific and United Bank of Kuwait had already made substantial inroads into the market while European banks like Société General among others are beginning to get in on the act.

Statfjord estimates increased

By Dominic Lawson

THE NORTH SEA'S largest field, Statfjord, will reach much higher production figures than originally estimated.

Mobil, the field's operator, said yesterday that the field should reach a peak of production of about 800,000 barrels of oil a day in 1987.

The field is producing about 520,000 b/d, and the peak output originally expected was 680,000 b/d.

Last week the third Statfjord platform began producing, but the main reason for higher-than-expected peak production is the success with which gas has been injected into the field to boost output of oil.

At 800,000 b/d the field will be the most prolific offshore oilfield in the world.

Kuwait, the country with most oil reserves after Saudi Arabia, produces about 900,000 b/d.

The Statfjord partners appear to be stepping up production in a period of great oil market weakness, but the partners said yesterday that the investment decisions which would lead to the sharp rises in output were made in 1980, and it was now essential for the partners in the field to recover the costs of that investment.

The Statfjord Field straddles the North Sea median line, with the Norwegian sector partners holding 84 per cent and the UK sector partners 16 per cent.

The British partners have just called for a re-determination of the equity split, apparently believing that the UK side could contain more than 16 per cent of the 3.1bn barrels recoverable from the field.

Statoil, the Norwegian state oil company, said yesterday that it had struck a deal with Cluff Oil, the UK independent oil company, to take half Cluff's interests in the Yellow Sea, off China.

In return Statoil will pay all the costs of the first well in the area, estimated at about $10m. Statoil added that it would join forces with Cluff and Elf of France in an application for acreage in the second Chinese offshore licensing round.

● Ranger Oil of Canada announced yesterday that it had made a big gas discovery in North Sea Block 4/28. The well flowed gas at over 40m cu ft a day, one of the highest rates recorded in the North Sea.

Consumer body in call for full product liability

By Richard Evans

THE CONSUMERS' Association is to renew its campaign to persuade the Government to accept a full system of product liability, in spite of fierce opposition from the Confederation of British Industry and other business leaders.

A draft European Community directive on liability for defective products, which would allow substantially improved rights of redress for consumers adversely affected by faulty goods, is to go before scrutiny committees in both Houses of Parliament before the summer recess.

It will contain a compromise formula backed by the UK, which would allow a "state of the art" defence by manufacturers. This would mean that if a maker could show that a product was designed according to the current principles used in the industry, he would not be liable, even if the goods turned out at a later stage to be defective.

The CA and other consumer groups are strongly opposed to this clause protecting manufacturers from development risks, and are urging the Government to exclude it.

They argue that if a state of the art defence were allowed, it would still be a matter of proving negligence over design defects to determine a manufacturer's legal responsibility. That would be little different from the present law.

But the CBI believes that a full system of product liability would harm industry by inhibiting innovation, reducing consumer choice and increasing business costs, especially insurance charges in high-risk areas like pharmaceuticals.

The EEC directive, agreed last month after nearly 10 years of wrangling, requires all member countries to introduce strict liability for defective products over a three-year period and also lays down minimum requirements on an option to introduce more advanced systems. But member countries will not be required to apply the new legislation to development risks.

'Success likely for gilts dealers in large groups'

BY OUR FINANCIAL STAFF

DEALERS in the gilt-edged market being planned for the City are more likely to succeed if they form part of larger groups, according to stockbrokers Grieveson Grant.

In an analysis of the 29 groups which have been approved by the Bank of England as primary dealers, the firm says they have committed nearly £600m of capital to a market which has about £250bn of turnover. Dealing volumes will rise, but not enough to allow all 29 to earn a satisfactory rate of return.

Grieveson, which will itself be part of a group headed by Kleinwort Benson, the merchant bank, says larger groups will have an advantage because of their ability to run greater risks and absorb larger losses. But experience, a loyal customer base, good distribution and luck will also help.

On the assumption that each group will commit on average £20m to the market, Grieveson's analysis shows that the discount houses will be most heavily exposed, followed by the merchant banks. The big clearing banks' exposure will be minimal. The analysis also shows that U.S. banks and brokers will have almost 40 per cent of the capital dedicated to the market.

BA appoints deputy chairman

BRITISH AIRWAYS has appointed Mr Robert Henderson, chairman of Kleinwort Benson, Lonsdale, holding company of the merchant banking group, as deputy chairman to succeed Mr Alex Dibbs, who retired in April. Mr Dibbs was a former chief executive of National Westminster Bank.

Mr Henderson, a non-executive director since February, 1981, is chairman of Cross Investment Trust and deputy chairman of Cadbury Schweppes. He is also on the boards of Hamilton Oil (Great Britain), Hamilton Brothers Oil and Gas, and Inchcape.

Air safety probe urged at Gatwick

BY IVOR OWEN

AN INQUIRY into the operational hazards facing aircraft using Gatwick Airport's single runway at peak periods was demanded by Baroness Burton (SDP) in the House of Lords yesterday.

She said experts had advised her that at such times "operational congestion on the runway is severe" and said this view was supported by well-documented air safety incidents.

Lady Burton called for an investigation by the Civil Aviation Authority and urged that inquiries should be made among pilots and air traffic controllers, "so that our minds may be set at rest.

"If there are problems—and I have a certain amount of evidence—there is plenty of room for a second runway outside the present perimeter, to the South or the West."

Arthur Sandles tells how London is preparing for the American Bar-Association's annual conference

The city will be upstanding for an invasion of legal eagles

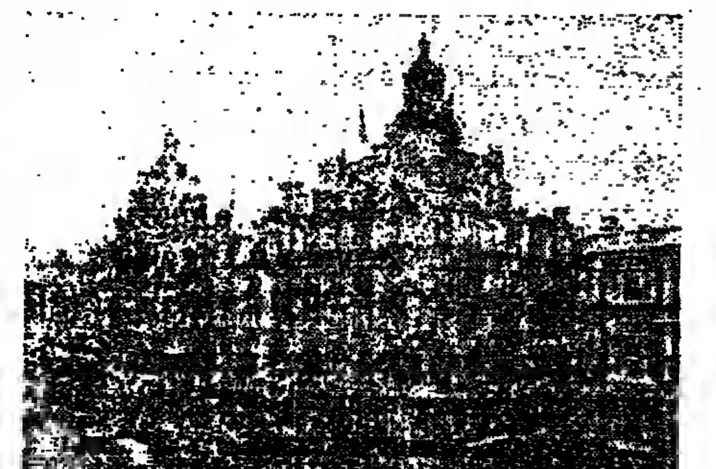
CONTEMPLATING a mid-July night out in London? Two good theatre seats, a pleasant meal and a luxury hotel?

Think twice. Next weekend the American Bar Association, in the form of nearly 20,000 delegates and spouses, hits London. Don't think you can escape by cab. The ABA has booked 4,000 of them for the whole week of its annual conference.

The lawyers and their families will occupy large slices of the bed capacity in 118 London hotels and are likely to dominate the London street scene during their stay. In a normal summer week, the capital might expect to play host to 30-40,000 Americans and many inhabitants already feel that U.S. accents are everywhere. That figure will be vastly increased during the week of July 14-19.

It is an event of such commercial import that Harrods has moved its summer sale to coincide with the lawyers' stay.

The ABA conference is a huge and complex event. Not only are large numbers of well-heeled and often highly demanding people involved but the conference is also a multi-centre affair. Very few mass sessions are held, most are specialised workshops on particular legal matters. The logistics are frightening. For months, the ABA has had a man in a suite in the Grosvenor House Hotel



Harrods has even moved the dates of its summer sale to with the ABA's conference

That man, Mr Ernie Guy, has been the linch-pin in an operation which will add about £40m to the dollar earnings of the UK and provide huge returns to the official carrier, British Airways, and the official travel agent, American Express. The latter's bonus will be two-fold. There will hardly be an ABA lawyer in town not carrying one of the group's green, gold or platinum cards.

For the card company this will be jam on already rich bread. A report by the consultancy Coopers and Lybrand, to be published shortly, shows that at least 22 per cent of U.S. tourist spending in the UK is through the American Express card.

The association's visit will be less cheering for certain other parties. At times during the past two weeks, non-EEC visitors entering the UK through terminal three at Heathrow Airport have had to queue for more than two hours—even with all the desks staffed.

The organisers have decided to bring most of the delegates into Britain on Sunday morning, thus avoiding the problem of trying to take them to 18 hotels through weekday London.

To the thousands of American lawyers crossing the Atlantic (several hundred on the QE2) will be added nearly 1,500 British barristers and solicitors who will be both acting as hosts and joining in the sessions. The Senate of the Inns of Court and the Bar, and the Law Society, are involved in arranging the programme.

Mrs Margaret Thatcher will welcome everybody at the opening assembly on Monday afternoon at the Royal Albert Hall. The opening ceremony will be in the morning at Westminster Hall. The first business session will be on "collaboration against terrorism," in the Great Room at Grosvenor House.

Sessions on Tuesday will be in venues as far apart as the Guildhall in the City ("practicing law abroad") and the Orchid Room at the Dorchester ("positive planning law"). On Sunday, the delegates can go straight from the airport to Westminster Cathedral for a lawyers' Mass, or to St Paul's Cathedral for Evensong.

Lawyers who want to cut the the business sessions or spouses who want to see more than the Harrods sale, will be whisked off to Stonehenge and Cambridge, the Wedgwood factory and "a riverside pub crawl." There will also be business sessions in Edinburgh and Dublin, and day trips to Boulogne.

Tour operators and travel agents will woo delegates into further trips to make the most of their European visit. Offerings include an Aegean cruise, a trip around the stately homes of England, jaunts around European capitals and the inevitable ride on the Orient Express.

By the time they take these trips, the lawyers may need them. A dedicated seeker after knowledge will have been able to hear papers on Cohabitation Without Formal Marriage, Privacy and Data Protection, Legal Implications of Bills of Rights, litigation costs on both sides of the Atlantic, and Public Employee Work Stoppages and Alternatives: A British Perspective."

The hope uppermost in the minds of those involved in making the lawyers feel at home is to avoid problems. "The trouble with having a few hundred lawyers staying with you," said one Park Lane hotel manager ruefully, "is that, if anything goes wrong, you know they are going to reach for their law books before they reach for the telephone."

Advertising and market studies sectors grow

By Our Consumer Affairs Correspondent

BETWEEN 1980 and 1983, there was a 44 per cent growth in the number of companies involved in advertising and market research, according to government figures published yesterday in British Business magazine. In particular, there was rapid growth of the number of such companies in Yorkshire, Humberside and in Wales.

The magazine also indicates that the number of businesses providing personal services, such as hairdressing and shoe repairs, fell by just under 15 per cent over the period.

Row looms over high-tech export ban to Eastern bloc

BY CHRISTOPHER PARKES

THE SEEDS of a fresh row over the international blockade against exports of high technology to the Eastern bloc were sown yesterday by a small carbon fibre company from Stockport, Greater Manchester.

RK Technologies, frustrated in its attempts to sell £10m-worth of production plant to China, has prepared an appeal against a ban imposed three weeks ago by the Co-ordinating Committee, CoCom, based in Paris.

Mr Colin Hill, RK chairman, said yesterday that he found it hard to reconcile the ban, understood to have been imposed by the U.S., with the fact that China already has the technology to make some grades of carbon fibre, and that it is already receiving illegal supplies from Japan, another country represented on the committee.

Other countries on the committee include all members of Nato except Iceland and Spain.

Mr Hill was told that the export had been barred because carbon fibres can be used in aircraft and in rocketry for delivering nuclear weapons. He said he had deliberately excluded from the contract the plant needed to make the super-stiff grades necessary for these purposes.

"What we're talking about is the bog-standard tennis racket-type process," he said.

He was appealing against the embargo because of the possible waste of £50,000 and two years' work on the deal, which had developed after the Department of Trade and Industry sent a Chinese delegation to his offices.

The DTI, embarrassed by the publicity, said yesterday that it was considering an appeal and would put one forward "if we felt there was a chance of success."

It could give no indication of the outcome, although it claimed that Britain was acting as "a liberalising voice" on the committee.

Mr Hill said he appreciated that, under existing rules, exports of carbon fibre to China were banned, but he had received encouraging signals from senior levels in both the British and Chinese governments, especially in the light of the recent rapprochement between the two administrations.

He also noted that U.S. concerns had been granted approval this year for more than 2,000 applications for export to China of items previously on the CoCom blacklist.

He complained that the U.S. appeared to set the rules to suit its own purposes, and only the British seemed to adhere to them.

The embargo affecting carbon fibres also extends to the Soviet Union, Mr Hill noted. If they had no technology, where did they get the materials to build their bobsleighs which performed so well in the winter games? he asked.

Carbon fibre technology, at least 20 years old, involves curing and "cooking" acrylic fibres such as Courtelle and Dralon to produce extremely strong and flexible materials for a range of uses including sports goods and in aerospace applications.

Slower rise in house prices

By Margaret Hughes

HOUSE PRICES continued to rise steadily during the second quarter of this year but the rate of increase was lower than in the same period last year. There has also been a substantial fall in the annual rate of increase since the first quarter.

According to statistics provided by both the Halifax and Nationwide building societies, house prices rose by around 3 per cent in the three months to the end of June, much the same as in the first quarter. The Incorporated Society of Valuers and Auctioneers (Isva) puts the quarterly rise lower at 2.1 per cent, against 2.2 per cent in the first quarter and 3.8 per cent in the second quarter of 1984.

The Halifax says house prices are now 8.3 per cent higher than a year ago. At the end of April, the annual increase was 9.0 per cent. The Nationwide, whose index tends to show a higher increase than others monitoring house price rises, puts the annual increase at 11 per cent. This compares with the 14 per cent rise recorded in the year to end March.

The Isva also reports a lower annual rise of 7.2 per cent against 9 per cent at the end of the first quarter. The Halifax and Nationwide attribute this fall to high mortgage rates. But the opinion of Isva agents is divided.

The Halifax expects the rise in prices over the year as a whole to be in line with last year's increase at around 8 per cent. The Isva makes a similar forecast. Both are lower than the 10 per cent rise predicted last week by the Anglia building society.

The average house price is now £32,400 according to the Halifax and £34,860 according to the Nationwide. The Isva puts the average at £38,968. The Halifax reports that the slowdown in house prices is most noticeable in existing properties—down from a peak of 10.3 per cent in April to 8.7 per cent. But Nationwide statistics show the opposite.

The Halifax index shows that house prices in the South-east are rising at more than twice the rate of those in the north, with an average annual rise of 12.2 per cent against a rise of between 5 and 6 per cent throughout the North. House prices in Greater London are showing the fastest rise—5.6 per cent in the second quarter and 16.2 per cent annually.

The quarterly rise in the South-east was 4.4 per cent compared with 3.1 per cent in Yorkshire and Humberside, only 0.5 per cent further north and 2.2 per cent in the North-west.

Court ruling annuls student grant refusals

EDUCATION authorities may have to pay thousands of pounds to foreign former students, because of a High Court decision yesterday.

Mr Justice McNeill said his decision that two authorities must reconsider their refusal to make grants to two Hong Kong-born students could open the "floodgates" to claims dating back to 1962. The case stemmed from a Lords ruling in 1982 that the method used since 1962 to determine whether foreign students were eligible for grants was unlawful.

The High Court decision makes clear that education authorities must re-open the cases of those foreign students who were refused grants under the method.

The judge ordered Hertfordshire Council to reconsider its decision of May 1978 to refuse Mr Raymond Cheung a grant to study at Leeds University.

He also ordered Sefton Metropolitan Council to reconsider its decision of October 1978 to refuse Mr Eric Pau a grant for a course at *Preston Polytechnic*.

The Law Lords' ruling in 1982 outlawed the system under which authorities had been refusing grants to foreign students because they were not considered to be "ordinarily resident" in the authorities' areas.

The judge said that, after the ruling, Sir Keith Joseph, the Education Secretary, advised authorities that they should reconsider refusals made since 1979 and could pay retrospective grants.

Sally Line to expand Channel services

BY ANDREW FISHER, SHIPPING CORRESPONDENT

SALLY LINE, the cross-Channel ferry operator, plans to add a third chartered ship to its Ramsgate-Dunkirk route next year to cope with growth in traffic, and may order one or two £20m purpose-built vessels in two years' time.

The ferry line owned by the Sally group of Finland, is investing a further £5m during 1985 in Ramsgate. It has spent £7.5m there since moving into the area in 1981. A passenger terminal and other facilities costing £2m are planned for next year.

This year's investment, likely to be followed by £10m later in the 1980s to equip the port for deep-sea container business, will make more room for cargo-handling and reclaiming land for further lorry-parking.

Mr Michael Kingshott, managing director of Sally UK and owner of 10 per cent through Troy International Holdings, said the Ramsgate port and ferry operation should make a small profit this year.

In 1984 the port, since expanded with a third berth for roll-on-roll-off traffic, made a profit of £120,000 and should more than double this in the current year, he said. The ferry operation lost £220,000, far less than the £2m deficit of 1983.

With the use of a second ship this year the number of passengers carried by Sally Line rose by 58 per cent in the first five months of 1985 to 265,000. Coach and car traffic was also up sharply. Freight traffic through the port rose by 40 per cent.

Housing starts rise 17%

FINANCIAL TIMES REPORTER

THE NUMBER of new houses *and flats started in the March* to May period this year was 17 per cent higher than in the previous three months, but unchanged compared with a year ago, according to the Environment Department.

For May, provisional estimates showed 19,900 starts, an 8 per cent rise on the 18,400 of May last year. Completions totalled 16,700 against 15,300.

The department said completions in March to May were 1 per cent higher, on a seasonally-adjusted basis, than *during the previous three* months, but 3 per cent lower than a year ago.

In the public sector, starts were down 1 per cent on the previous three months and 23 per cent down on a year ago, while completions were down 8 per cent and 22 per cent respectively.

Private-sector starts were up 21 per cent on the previous three months and 5 per cent higher than a year earlier. Completions were 4 per cent higher on both comparisons.

Mark Meredith looks at British Airways in the Highlands

Consultation takes a flight to Benbecula

MURDO MACDONALD does not just fly planes. On British Airways Highland Division flight 5814 to Benbecula in the outer Hebrides, he also bumps baggage, issues tickets, and occasionally makes pre-flight boarding announcements over the terminal building public address system.

He and his first officer co-pilot Grahame Locke do a lot more than pilots on other airlines. So do the rest of the division's staff. On the incoming flight were the postal bags, newspapers, a television set for one of the islanders and a sack of documents for the bank. Mr Macdonald and Mr Locke pass the cargo down to be loaded on to a trolley.

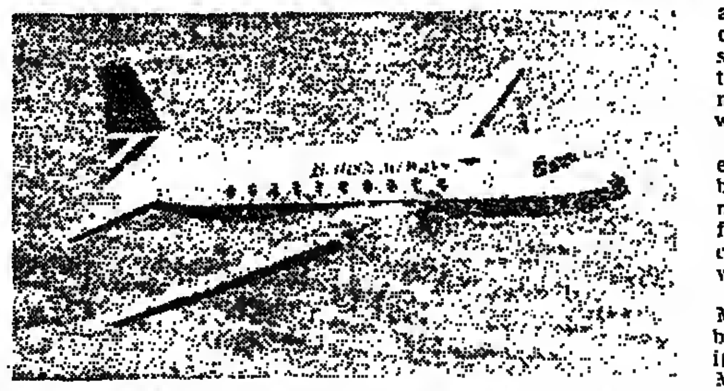
There is some confusion as nine soldiers from the neighbouring army base have shown up without a booking. The return flight to Glasgow will be full. There is no weighing machine for luggage but Martin Taylor, the airways station chief, makes a ready estimate having loaded each outgoing bag on the trolley himself.

Inside Benbecula's small wooden terminal, Ainsley Wilson, the stewardess, buys coffee for the flight crew and a bowl of soup for Mr Macdonald from the small canteen. Mr Macdonald also has some sandwiches wedged under a window in the cockpit as they will be flying through the lunch hour.

This is practical flying without the frills. The three-flight crew gave up most of the perks of big airlines. They agree that getting rid of work demarcation lines has been necessary for the survival of the small Scottish service.

Flexible working has been a key element in a unique accord reached between trade unions and management in 1981 which led to the formation of a tiny and successful *airline within* an airline: a subsidiary with an unusually high degree of worker involvement.

Sitting down together three years ago with closure staring them in the face, the unions and management made some drastic decisions: employees were cut from about 800 to 134. Then the fleet of elderly, fuel-thirsty Viscounts, which were too big for the Scottish routes was exchanged for six 748 aircraft. The twin propeller engined 40-seater workhorse is just the right size for the island-hopping short haul routes.



The BAe 748—considered ideal for island-boping

Both sides wanted to show a sceptical, cost-conscious London head office that the division could work commercially. The loss of £6m in 1981 has now been turned into a modest profit of over £314,000 this past financial year.

The ability of staff and management to resolve differences amicably has been put to the test in recent weeks as crew have sought to improve their conditions.

Staff felt it was time for the airline to respond to past sacrifices—such as the fact that the pilots would be paid up to first officer level but not captain's wages, or the absence of meals for air crew on duty.

"We calculated the cost of meals and were stunned when they said no," said one pilot. A small grievance threatened to turn nasty.

"Both sides began to slip back into their own ways: management did not always consult us and we wanted to press for improvements in wages and conditions," *said another pilot.* The them-and-us factor crept back to threaten what started as an essentially open relationship.

It put to the test the hastily drawn up and loosely defined industrial relations of a division which looks less like part of an international airline and more like a firm where everyone knows everyone.

The trouble jolted the participative committee. Not enough, it appears, was being discussed at this worker-management forum set up as part of the survival programme in 1981. Issues like labour relations and the accounts are normally discussed between the 17 trade unions led by Captain Arthor Black and Highlands Division management led by Mr Gerry Devioe.

A separate business study group made up of both sides looks at long range plans such as opening new routes.

Mr Devine is the third manager of the Highlands Division in three years: a fact that has eroded the appearance of a commitment from British Airways in the view of unions.

The honeymoon period with British Airways is over. Everyone had his own idea how it would work," says Mr MacDonald. But he accepts that management must still manage even if there is a good system of consultation.

Mr Devine agrees. "*Consultation is the name* of the game," he said. "Goodwill is still the basic theme. Once issues have been resolved, goodwill usually comes through."

On balance the pilots and management feel a small crisis over wages and conditions may have cleared the air and put the basic fundamentals of the relationship back into perspective.

What tempers even the most determined will to win is the fact that the Highlands Division of British Airways will never make lots of money, about half of its routes are so-called lifeline routes—essential social links for the communities in the outer islands. They may make some money, but will more likely break even.

There was thus no talk of eventual profit sharing based on big returns from highly commercially successful routes. A factor like this would have changed the dimensions of the worker participation.

Pilots like Mr Macdonald and Mr Locke fly in Scotland because they live there and like it and want the involvement. Many have flown the big international routes and feel they have experience to offer management. Many feel there is more flying involved in the short haul routes compared with highly computerised international flying. There is also more teamwork.

"You fly with the same fellow time and again. On the international flights you might fly with a co-pilot and not see him again," Mr Macdonald says.

They like the feeling of providing an important service to the islands. On the Orkney and Shetland run that day the cargo will be fresh farmed fish for the markets down south. New routes have been opened by Highlands Division between Aberdeen and Bergen in Norway and between Aberdeen, Manchester and Birmingham. These should help improve the financial returns.

Goodwill is difficult to put into the accounts. But efficiency and a reasonable commercial *performance* have been imperative for an airline on the verge of selling its shares to the general public.

The exercise has attracted the attention of other companies—not just airlines — confronting the problem of running services in outlying areas.

"It is a model for companies with a group of workers at the periphery. The structure does not make them feel cut off and gives them a sense of importance and involvement with the company," says Mr Devine.

The lesson to be learned for the Highlands Division seems to be the need for more tightly written agreements about what must be discussed to ensure participation and involvement continues.

John Lloyd explains the mine union's return to prominehce

Dwindling force, but not destroyed

THE National Union of Mineworkers has again impinged on the national consciousness in the past week, after a four-month hiatus since the end of its 12-month strike.

It was not presented this time as a threat either to the nation's power supply or to its Government; its destructive effect was seen as an internal one within the Labour movement, threatening the Labour Party's new-found moderate image.

Because of that it is also seen by many as almost an irrelevance. "Why don't you stop writing about him?" said a dissident NUM delegate of his president to the still substantial media pack covering the union's conference in Sheffield. "You just encourage him."

The union can of course be dismissed. In this past week of its annual conference, its crucial wages motion has been couched in the form of a demand for a "substantial" increase: this was precisely the kind of thing the NUM left used to brand as treacherous. Then it was undertaken by Mr Joe (now Lord) Gormley.

The conference decisions, in closed sessions, to vote in the new rule book and to expel Mr Roy Lynk and Mr David Prendergast, the two leading Nottinghamshire area officials, make very likely a break-up of the national union and thus a tremendous dilution of its concentrated power.

In the coalfields, men grasp redundancy payments, seemingly grateful to leave their riven industry even for the dole queues. This reality rarely intruded into conference rhetoric, but all *the delegates*, most of whom were branch officials, knew it well enough.

So why bother? Who cares for the fate of a dwindling union, which, having ridden into the mouth of the guns with predictable results, now spends its time bickering its way into insignificance?

There are two good reasons why we should care. First, the miners' will to fight may have been destroyed for the present, but its latent power remains strong. The miners' strike would have been difficult indeed to beat had it been solid. It would probably have been impossible had it been supported by power and dock workers. The Government's *present care* to build up power station coal stocks does not reflect total insouciance over Mr Scargill's future success.

Indeed, even if Notts and other right-led areas break away from the national union, they cannot be automatically counted on to provide "scab coal" to keep the power stations going in a future engagement. The working miners have been pressing the NCB hard to recognise its debt to them during the strike; and their leaders' future depends on securing at least as good wages and conditions as Mr Scargill can.

The working *miners* fought for their "right to work" during the str[illegible] and thus stuck doggedly by it [illegible] with little guilt. [illegible] in a future s[illegible] the tug of solidarity mig[illegible] prove stronger.

At every l[illegible] l of the NUM, except Nott[illegible] the leadership which ran t[illegible] strike remains mainly in pl[illegible] even in Notts, striking mi[illegible]s have resumed branch po[illegible] at *Sherwood*, Ollerton an[illegible] staunchly anti-strike Benti[illegible].

The chang[illegible] n branch leadership elsewh[illegible] show no definite pattern; and [illegible] eft/right labels are hard to [illegible] g on men who are often ch[illegible] more for their organising, t[illegible] their political ability. The ra[illegible] file will not follow them again now: but they have not reviled them. They obviously want someone with a bit of spirit to put their case to the NCB.

The second reason is that Mr Scargill is still the *president* of the Scargillist Tendency. As the TV cameras encircled him at the end of the NUM conference yesterday at least half of the questions were directed at his response to the narrow Alliance victory at Brecon and Radnor—in answer to which he deployed the royal "we."

Where Mr Tony Benn was a ball and chain on Michael Foot, Mr Scargill is a manacle on Mr Neil Kinnock, forcing the Labour leader to "slap down" the president's list of demands to a future Labour Government earlier this week.

Scargillism has of course a major defeat to live with in the NUM. Many on the left of the national executive and in leadership circles just below it are now *moving quietly* to shorten their president's reins. Mr Emlyn Williams, the South Wales president, told him at the last executive before the conference that he was their "servant."

A motion prepared for the executive to forward to the TUC and Labour conferences calling for an amnesty for all miners was watered down, in the face of Mr Scargill's opposition, to a call for a "review" of their cases. Mr Scargill's demands of Labour are seen by his executive colleagues as his, not theirs.

But the left opposition will find it hard to construct a real alternative on the left within the union. At a Communist party meeting after the conference on Wednesday night, Mr George Bolton, the vice-president of the Scottish area, and Mr Arfon Evans, chairman of the Maerdy branch in South Wales, attempted to do so: with the authority of men who have lived with and through the strike, they called for a recognition that the strike had failed, that the union could split, that support had been lacking and that the Government was and would be prepared to beat them.

Their general conclusion was that more work had to go into winning union and public support less into mass picketing and confrontations with the police.

Mr Bolton and Mr Evans had a hard time, though, from a number of delegates in the audience who demanded the most absolute fidelity to the purest of lines: all miners must be released irrespective of crime; mass picketing should have been more, not less, extensive; no question of a ballot on jobs should have been entertained and none should be in the future.

The problem for an alternative left position is the National Coal Board itself; it is already cutting back hard on capacity and will soon snap that up. It has every reason to do so while the NUM is weak. Opposition to such a frontal attack (as it will be seen) cannot afford to be subtle; and Mr Scargill's rejectionism will still win over his activists.

To that extent, it will also still excite the left of the party. Mr Kinnock is fortunate now in the wave of pragmatism sweeping the Labour Party; but it has not swept away a far left led by Mr Scargill. The NUM president remains secure in Sheffield; he has drawn his defences closer in—he has less to defend now—but he lives to struggle on, with a view to the complete abolition of capitalism.

THE NUM's rulebook has been wholly replaced. Among *the more significant of the* new rules are:

- New powers to the national executive committee to call one or more areas out on strike—though a full national strike still requires a ballot vote.
- Explicit exemption of the president from the terms of the 1984 Trade Union Act requiring periodic re-election by clarifying that he has no casting vote.
- Indemnification of all delegates, executive and members and officials for any act committed by them which has the approval of conference or executive.
- New powers for the executive to move members from area to area and to group areas together.
- Recognition that NUM members are first and foremost members of the national union rather than area unions.
- A rule which includes powers to discipline members for any act "detrimental to the interests of the union."

The Guardian wins more injunctions against NGA

By Our Labour Staff

MANAGEMENT of The Guardian newspaper yesterday obtained further High Court injunctions aimed at ensuring some production of the paper this weekend despite a dispute involving members of the National Graphical Association print union.

The injunctions against the union cover production of today's edition and Monday's. Providing the injunctions were observed, management was hoping to print up to 300,000 copies on each day—some 200,000 fewer than its normal print run.

The injunctions, obtained because union members did not hold a ballot before beginning industrial action, as required by the Government's 1984 Trade Union Act, are aimed at preventing the union from *inducing* employees at the company's Manchester printing plant, where its sister paper, the Manchester Evening News, is also produced, not to use two disputed printing presses.

The union's Manchester branch has been blacking the presses this week after a pay dispute involving about 30 union members of The Guardian in London threatened to spread. The dispute has hit production on four nights this week.

Production next week may be threatened, though talks were going on last night in London between management and Mr Bill Booroff, the union's London regional secretary, in an effort *to find a solution.*

Although a formula worked out earlier this week seems to be acceptable to those originally taking action in London, other *NGA groups* at the newspaper are unhappy with it because of its possible knock-on effect on pay differentials.

Jaegar awards design contract

JAEGER, the high street fashion retailer, has appointed Crighton, a design management consultancy, to handle its retail identity for the 1990s and beyond. The contract was won against international competition from other design companies including Allied International Designers, Fitch & Company and Chaix & Johnson International.

Crighton's first big project will be the redesign of Jaeger's flagship store in London's Regent Street. As part of its development plan, Jaeger has acquired the adjoining ex-Hamley's toyshop building which will give its leading UK store almost double its trading area and allow Jaeger to increase its range of merchandise.

Electricians' leaders defend high tech 'sweetheart' deals

BY HELEN HAGUE, LABOUR STAFF

LEADERS OF the electricians' union have fought off criticism from within the *union* over concluding so-called "no strike" deals in high technology and electronics companies — quashing calls for existing deals to be revoked.

The union's annual conference in Blackpool endorsed the leadership's decision after a debate where critics claimed the deals surrendered workers' basic right to strike.

Impassioned support for the controversial agreements came from branches where they are now in operation. Mrs Joan Griffiths, senior shop steward at Toshiba's plant in Plymouth where the deals were pioneered by the EEPTU, claimed the workforce had reaped the benefit of improved consultation.

She said the new attitudes had "brought a breath of fresh air" into industrial relations, and that the union at Toshiba was far from passive and compliant. Staff were now consulted on "everything from expansion to toilet rolls."

"Of course we have prob*lems*," said *Mrs Griffiths*, "but we are able to overcome them without manning the barricades. It's not the Garden of Eden but it's not a bloody battlefield."

Workers and union members want jobs rather than strikes and security rather than con*stant friction and discord*, she said.

Opponents of the "sweetheart" deals claimed they could soon be extended to electrical contracting and electricity supply—and accused their union's leadership of playing into the hands of management and government.

The task of rebutting criticism fell to an executive member, Mr Wyn Bevan, who has negotiated some of the dozen agreements the union has struck so far.

He argued the deals offered union members single status, a "genuine say" in how the companies they work for are run, flexibility and job security.

Referring to the most contentious element of the agreement —pendulum arbitration or binding conciliation—Mr Bevan said. "A method of resolving *disputes without striking* makes sense. A strike-free society would make sense and agreements which can move towards that end should be our aim."

Any employer who wants to strike a deal including pendulum arbitration must accept the total EEPTU package, which is aimed at transforming relationships in the work place, said Mr Bevan, who cited "the class system" as an important cause of conflict which has to be removed.

The union indicated earlier this week that four more "no-strike deals" are in the pipeline — with a further half a dozen also in the offing. All are in the high technology and electronic sectors.

- The EEPTU leadership suffered its only defeat this week in a conference debate on privatisation.

Delegates backed a move urging the next Labour government to re-nationalise public assets hived off by the Tories "with only minimal compensation or none at all."

The union's executive opposed this clause, but backed calls for a campaign to alert its members and the public to the *detrimental effects* of privatisation.

Barclays offshoot worries Bifu

BY OUR LABOUR STAFF

UNIONS representing Barclays Group staff claimed last night that the bank was planning to prevent union organisation among workers in its new merchant banking, stockbroking and jobbing company.

The Banking, Insurance and Finance Union said Barclays had confirmed that staff transferring to Barclays de Zoete Wedd would be expected to accept new contracts of employment without union rights.

Barclays Group Staff Union said that it had received the same notification, but that it had no knowledge of the terms and conditions to be offered staff in their new contracts.

BZW is being formed by the amalgamation of Barclays' merchant banking and other investment subsidiaries with de Zoete Bevan and Wedd Durlacher. The bank is expected to transfer more than *300* staff to the company.

Mr Noel Howell, Bifu's assistant secretary responsible for Barclays, said: "For a bank which boasts of communication and says it encourages union membership, we find Barclays' action astonishing. The banks quite clearly do not want to take the banking union with them as they expand into new financial areas."

Mr Eddie Gale, general secretary of the BGSU, said the move had been made without prior consultation and that legal advice was being sought.

Staff unwilling to move to BZW are expected to be offered alternative employment within Barclays.

A spokesman for Barclays de Zoete Wedd said last night that while employees were free to join a trade union, unions themselves would not be recognised at BZW. This was because BZW is a securities company "and the securities industry is not unionised."

The company's 1,200 employees will negotiate their own terms of employment directly with management.

CPSA staff plan to hold strike ballot

BY OUR LABOUR STAFF

STAFF OF the Civil and Public Services Association will hold a strike ballot next week after its leaders told them their previous walk-out was unlawful under the Trade Union Act.

The staff say the planned ballot has nothing to do with the legal warning, but has been prompted by the wish to observe the rules of their union, Apex.

The 170 Apex members at the CPSA are in dispute over their annual pay claim. They have been offered a rise of 4.75 to 5 per cent, equivalent to the Civil Service pay settlement, and underpinned by a flat-rate £6 increase for the lower paid.

The staff, who are claiming a £15 a week rise for most grades, are angry that the offer by the right-led CPSA national executive includes a move to re-establish top officials' differentials which were narrowed by the former left-wing leadership.

According to the CPSA leadership, the offer is costed at £105,000—£5,000 above the limit set when talks began—and the differentials element is worth only £1,000 in the current pay year.

The staff staged a one-day strike, without a prior secret ballot, on June 25. The CPSA executive termed the action both unofficial and unlawful. Since then, Apex has become involved at official level.

UK NEWS

Helping hand for well-heeled homebuyers

David Lascelles assesses a novel loans venture from United Bank of Kuwait

LONDON PLAYS host to the most varied assembly of hanks in the world. But even in that august company. United Bank of Kuwait stands out.

The bank, best known for issuing customers with extravagant-sounding £5,000 cheque cards that guarantee payment for a sizable chunk of jewellery or even a small car, seems to ooze wealth even by the standards one expects of Arab banks.

The image is not entirely fair since it has to fend off competitors in this rarefied world. While it may have less trouble than most banks in attracting

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THE UNITED BANK OF KUWAIT LTD.

deposits because of its oil-rich clientele, it is still left with the problem of what to do with them, which is why it has turned to the unusual business of selling mortgages to British homebuyers.

For the last year or so, it has been offering what are probably the best home loan terms available in the UK.

With aggressive marketing (the bank consistently charges up to 1 per cent less for its money than the building societies and British banks) it has lent more than £30m in home loans in the last 18 months, and will probably double that before long.

Not that it is going after the Surbiton semi. Minimum loans are £40,000, which is twice the national average. But it fits bank policy of dealing with the affluent and enables it to cut costs by dealing on a big scale.

The bank is not as foreign as it sounds. Although it is owned by the leading financial institutions in Kuwait, reputedly the world's wealthiest country, it is a British bank run by Britons with its headquarters in the heart of the City overlooking the Bank of England.

Mr David West, the general manager, a mild-mannered, bespectacled man who has been with the bank since its start 20 years ago, looks like a typical high street bank manager. Mr Christopher Keen, his deputy, worked for Greenwells, the stockbrokers, before joining 10 years ago.

The bank was established both as its owners' eyes and ears abroad and to channel some of their considerable funds into the Euromarkets, which it still does. But since then it has assumed a much wider role as a kind of universal aunt for Kuwaitis visiting London.

Its strategically-placed branches in the West End—one near Harrods, another near Claridge's, and one north of Oxford Street—are now popular staging posts which offer a wide range of services, much in the way that British banks abroad used to cater to roving Britons in the days of Empire.

Apart from looking after the Kuwaitis' cash and providing them with ways to spend it, the bank will, for example, help them find or buy a flat or house. It has several qualified chartered surveyors on its staff and acts as an estate agent—for a fee.

It will also arrange for visitors to be met and ferried

Although owned by leading financial institutions in Kuwait the bank is British and run by Britons

around London, and might even advise on personal matters like schools and booking places in hospitals.

The bank's aura conjures up pictures of immensely rich oil sheikhs with bulging bank accounts, flashing their mighty cheque cards as they roam the antique and jewelery stores of Knightsbridge. It is, as one might expect, coy about discussing its customers. But the reality may be a bit more mundane.

For one thing, the number of customers who have been issued with £5,000 cards is quite small—probably 100 or so. Not that the bank has few clients good enough. But potential cardholders must place a large sum, believed to be £150,000, on deposit beforehand as a cover, which makes it less of a good deal.

The cards may be more of a status symbol; they do not seem to get used much, partly one supposes because Arabs tend to carry a lot of cash. More popular are the bank's cards for lesser amounts—£1,000 downwards—which do not need deposit backing.

Its cards carry a picture of the holder because of the security risk.

The bank is strong on investment management and controls about £2bn—most of it belonging to Arab institutions and individuals. Its promotional literature talks of special children's accounts: "With a minimum of £1,000 they allow the young investor the prospect of earning interest with an insight into the responsibility of handling the vital commodity of money."

This sales pitch, one imagines, would make little mark on the average Briton.

At the end of last year, the bank had about £1bn in deposits, about half its total resources of £1.9bn. But unlike other banks which go out and make loans, it had parked a good part of that in the money markets or with other banks.

According to IBCA, a London company that analyses banks, UBK was the most liquid bank in the UK last year, with the smallest amount of money tied up in loans.

There is no point, Mr West says, in it trying to lend money to widget-makers in Birmingham, who have much bigger banks pounding on their doors. Most of its commercial loans go to finance trade with Kuwait or projects in that country. It is also one of the biggest writers of options in Middle East currencies.

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As for mortgages, it had been helping Arabs finance holiday homes and pieds-à-terre in Britain and was doing well, so it decided to expand. Mortgages are an attractive low-risk market where a bank can quickly build up a sizeable loan portfolio, particularly if it already has property know-how and contacts.

The idea of money earned from Gulf oil going to finance a mock-Tudor pile in Surrey may seem strange. That however is how international banking works these days.

Software pirates under attack

A TEAM of computer specialists has been formed to track down software "pirates" using new legal sanctions approved by MPs yesterday.

Mr William Powell's measure to give computer programmes the same copyright protection as books completed its Commons and Lords passages and now awaits the Royal Assent.

Mr Powell said: "The bill is intended to bite, and bite hard into the pirates."

The computer industry's federation against software theft had recruited a metropolitan chief superintendent to lead a team to investigate piracy and report offenders after gathering evidence, he added.

The Copyright (Computer Software) Amendment Bill was backed by MPs on all sides of the Commons.

● A backbench bill to give greater public access to council information completed its passage through Parliament yesterday and now awaits Royal Assent.

The Local Government (Access to Information) Bill, sponsored by Mr Robin Squire, Tory MP for Hornchurch, has been given all-party support.

In the Commons yesterday, Mr William Waldegrave, Junior Environment Minister, welcomed the Bill, which gives new rights of public access to council meetings, committees and subcommittees

Advanced electrical equipment makers prosper in Wales

IT WAS 12 years ago that Ken Briggs, Trevor Wheatley and Ken Curran decided, in classic fashion, to throw up their jobs and sell their houses to raise the capital necessary to start their own business.

Between them they had complementary skills in electrical engineering research, manufacturing and sales, and they were convinced that there was room for a company making more advanced and better designed variable drive control sysetms for the wide range of electric motors used in industry.

The three men were prepared to go anywhere in the UK to launch their venture. In the event they opted for Newtown, Powys, in Mid-Wales, because the local development corporation, forerunner of today's Mid-Wales Development Board, offered them precisely what they were looking for, a 1,500 sq ft factory and rented housing accommodation, immediately available.

This month the business they created, now known as the Control Techniques group, goes public with a full Stock Exchange listing.

Having achieved a growth rate over the past five years of some 30 per cent compound and reached a turnover of £4m in the year to last September, earning net profits of £500,000, the company is coming to the market to raise the cash to maintain the momentum of expansion.

Robin Reeves looks at how Control Techniques has grown in 12 years

The first range of products from the original company, KTK (Newtown), was well received. But it was KTK's second generation 6P series drives, launched in 1978, that established the company's reputation for combining technological innovation with value for money.

KTK became the first British manufacturer to pioneer use of modular techniques in design and manufacture of drivers. KTK provided original equipment manufacturers, for the first time, with self-contained compact drives which could be treated as bolt-on components.

The modular techniques also enabled KTK to introduce flow-line assembly in place of the industry's traditional batch assembly system, and so achieve important economies of scale and lower prices.

Variable-speed drives regulate the speed of electric motors by varying the voltage supply. The equipment monitors both the actual motor speeds, which must be maintained within fine tolerances, and the motor current which fluctuates according to the motor load.

Control Techniques' expertise lies in design of solid state power switching circuitry, to control the power supply and therefore the precise speed of the motor, largely using micro-electronics.

KTK's initial products were large variable-speed drives of up to 1,000 KW output for direct-current electric motors, used in printing and paper machinery, plastics and rubber extruders, tyre manufacturing, textile machinery, test rigs and metal-processing plants.

The 6P range was later extended into four-quadrant regenerative drives for control of new generation machine-tools. These now account for some 12 per cent of the group's business in a market dominated by the Japanese and West Germans for over a decade.

Then in 1979 the three founders decided to broaden the base of the business by launching a new company, Anyspeed, in partnership with Mr Jerry Hooper, Anyspeed's present managing director, to concentrate on manufacture of small DC drives in the 0.75 to 7.5 KW range.

Anyspeed's sales grew rapidly in the first three years of trading, and set the scene for the launch of the product which the founders had in mind when they first sold their houses—variable-speed drives for controlling the far more widely used alternating current electric motors.

"When we started the electronic and power components were simply not available. We had to await the arrival of power transistors of up to 1,000 volts and 3,000 amp capacity before we could translate our idea into an attractive product," explains Mr Wheatley, Control Techniques chairman.

The result was Anyspeed's Commander AC range of three-phase AC Invertors for bolting on to AC electric motors used in a whole host of applications from pumping, mixing and conveying to driving small machine-tools and fans.

The Commander range not only sold well from the moment it appeared on the domestic market, but also spearheaded the group's attack on world export markets.

In 18 months the group's overseas sales have expanded from negligible levels to about 30 per cent of its total earnings.

Stockist-distributors, to market and service the group's product range, have been appointed in 20 countries in Europe, the Far East, Australasia and America. The plan is at least to double the number of markets covered in the next 18 months.

To match this marketing ambition manufacturing capacity is being substantially increased. The KTK factory at Newton will be extended by 10,000 sq ft to 25,000 sq ft, while Anyspeed's plant at Telford, Shropshire, will have a further 9,000 sq ft to 19,000 sq ft. In all, the expansion will add 30 jobs to the 100 already provided by the group.

The group has moved the Newton headquarters into a new 8,000 sq ft high-tech facility on Mid Wales Development's St Giles Technology Park, along with the engine room of Control Techniques' success, its research and development laboratory.

The company has been acutely aware from the outset that the continued success of the business depends on its development team keeping ahead of similar teams working in Germany and Japan.

"As long as we do not keep our R & D effort short of cash, and have capable people in the right numbers, we are confident of matching our competitors," says Mr Wheatley.

To maximise the return from this resource the company is involving itself increasingly in technology-transfer deals and contract design, and development of drives to specific briefs from industrial customers.

It is not always prepared to disclose with whom it is collaborating.

But one measure of Control Techniques' expertise in the field is that Fincor Corporation, a U.S. subsidiary of Fiat and America's fifth-largest producer of DC and AC drives, has just negotiated a licence to manufacture and sell the Newtown group's drives. Key components—the programme microprocessors and large-scale integrated circuits—will continue to be supplied by Control Techniques.

A similar deal is under negotiation in India.

There is a vast market to be tapped. The push-and-pull power of variable-speed drives is a key ingredient in the increasing replacement of manpower by machines in wide areas of manufacturing industry.

The U.S. market for AC drives is reckoned to be worth some $240m (£182m) a year and, Control Techniques believes, will rise to $386m in two years. The comparable figures for the DC drives market are $420m, rising to $480m over the same period. The West European market is of similar size and growth potential.

Armed with the resources which will flow from a full public listing, Control Techniques is determined to make the most of its growth opportunities. "We have got the products, the reputation and the technology. It is now a question of getting out and selling them," Mr Wheatley says.

ECONOMIC DIARY

MONDAY: Producer price index numbers (June-provisional). EEC Finance Ministers meet in Brussels. European Parliament in session in Luxembourg (until July 12). Teachers' union expected to meet employers on pay dispute. Sir Geoffrey Howe, Foreign Secretary, starts visit to Rio de Janeiro (until July 12). Gulf Co-operation Council Foreign Ministers attend two-day meeting in Abba. UN shipping conference in Geneva (until July 19). BIS monthly meeting in Basle.

TUESDAY: Financial Times hold conference on "Oil industry developments" at Hotel Inter Continental, W1 (until July 10). Provisional estimates of monetary aggregates (mid-June). London clearing banks' monthly meeting (mid-June). Finance Bill in report stage in Commons.

WEDNESDAY: Index of production and construction for Wales (first quarter). Remaining stages for the Finance Bill in Commons.

THURSDAY: Provisional figures of vehicle production (June). English Tourist Board publish annual report.

FRIDAY: Financial Times hold conference on "The City revolution" at Hotel Inter Continental, W1. Tax and price index (June). Retail prices index (June). Usable steel production (June). Building Societies' monthly figures (June). Harrods sale starts. U.S. retail sales and producer prices (June).

هكذا من الأصل

The man who advised his London board to buy into a Korean company which the South China Morning Post had blown the whistle on last week.

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money management

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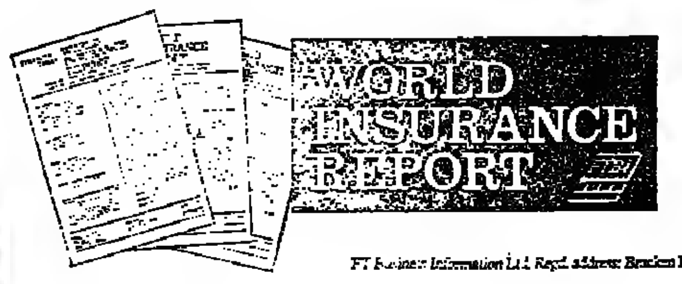

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A half-term report

NEARLY all by-elections are peculiar to themselves. The one in Brecon and Radnor on Thursday was more peculiar than most. It is one of the largest constituencies in Britain in terms of area, yet has one of the smallest electorates and also a history of high turn-outs: just over 80 per cent in the general election in 1983 and only slightly less this week, both figures being way above the national average for local, general or by-elections.

It may be, too, that as by-elections have become more infrequent in British politics, more national attention is focused on the outcome. There may be less to the result than meets the eye.

Traditional

Nevertheless, by-elections are still a traditional way of measuring the political swings in public opinion and perhaps a more accurate way, as it turns out, than the public opinion polls, most of which did not come out of Brecon and Radnor particularly well. The results have an effect on party morale, on how the media treat the parties and therefore presumably on popular perceptions.

The Alliance won, though only just. It almost had to do so, for the Alliance has a tradition, inherited from the Liberals, of going for broke in by-elections and pulling it off. The Liberals for many years tended to shine when the Tories were in power. The tradition has been upheld and there must be enormous relief in the Alliance camp, especially after some of the earlier opinion poll reports of a substantial Labour lead.

Yet it was a close run thing, down to a recount. The most interesting fact about the by-election is that it is no longer so easy to argue that the Labour Party is on a declining course. True, there were many factors in that particular area in Labour's favour. Brecon and Radnor was a Labour seat until 1979, though with different boundaries. Mr Neil Kinnock, the Labour Party leader, is a young and attractive Welshman. And the Party threw everything and everyone into the campaign that it could possibly muster.

Striking statistic

Victory would have given Labour an enormous boost. It would have been the most spectacular Labour gain in a by-election for a good two decades. Narrow defeat should not be too disheartening. It may be that it is better for Labour to advance steadily rather than sensationally — without all the oscillations that the latter can entail. The signs are that the party is gradually putting itself together again. It has a year or so in hand before it needs to come out with a modern and convincing programme, capable of sweeping the country. Most people will now watch it with renewed interest.

The most striking statistic to come out of the result is the combined figure of the Labour and Alliance vote: 70 per cent against 28 per cent for the Tories. To be sure, it was only a by-election in an exceptional place and the Government is half-way through its second term: not the most likely time to go on to new electoral triumphs. We have also noted many times before that one of the factors that led to Mrs Thatcher's re-election in 1983 was the divided nature of the opposition. The Tories then picked up 43.3 per cent of the vote as against an aggregate of 54 per cent for Labour and the Alliance. That was not a very happy comparison in the general election. The figures look even worse now. The Government is in power partly because the opposition is split.

Since there is nothing in the wind to suggest that Labour and the Alliance will come together, at least this side of the next general election, and they may still be competing about equally for the percentage share of the vote, the Tories may retain the advantage. Yet it is becoming imperative for them to use it, if they are to keep it.

At this stage in a government's life, perhaps especially a Tory government's life, it is frequently said that the problem is presentation: it is a question of explaining the policies better to the people. That has ceased to be an excuse for Mrs Thatcher's second administration. The problem is no longer how best to put across the message: it is that it has become exceedingly unclear what the message is.

Cabinet battle

The battle between the radicals and the consolidators in the cabinet has gone on too long. So has the confusion between the rhetoric of claiming to be controlling public expenditure and the reality of seeing it rise. There were some quite striking examples in Brecon and Radnor of the Government reprieving programmes which it ought normally to have stopped. Such electoral cynicism did not seem to achieve very much. The Government needs to make it unmistakably plain very soon whether it is still on a radical course, or whether it is in effect beginning to abdicate. A half-term manifesto of where it intends to go from here would be welcome.

THE CHANNEL TUNNEL

The curtain starts to rise

By Duncan Campbell-Smith

THIS WAS the week they all waited for in vain—Napoleon Bonaparte's more daring engineers, a string of eccentric Victorian inventors and a latter-day army of frustrated entrepreneurs and civil servants.

What all of them needed—and none of them received—was enough public support from big business and banking to turn their dreams of a Channel tunnel into the stuff of practical planning.

But this week, it happened—and not once, but twice. Two Anglo-French consortia hosted press conferences in the City of London at which a number of the biggest banks and construction companies in Europe stood up to commit themselves to an expensive battle for the contract to build a fixed link across the Channel.

Their backing for two rival schemes can leave little room for doubt that one or the other must now go ahead. The teams lined up on either side of the contest—see box—have disclosed plans on a scale comparable to the work for the Alaskan oil pipeline and the deep-water oil rigs of the North Sea.

Daunting questions, of course, have yet to be answered. Between now and October 31, the two consortia—and any other aspiring bidders—must submit their detailed proposals, as the official invitation has it, "for the development, financing, construction and operation of a Fixed Link."

In short, they must establish full credibility for the link they wish to build and equal credibility for the arrangements with which they intend to fund it.

But the start which has now been made already looks very different, as one of the leading contenders put it on Tuesday, to the endless overtures of the past "on which the curtain never rose." With three of the four UK clearing banks and five of the biggest French banks tugging on the rope, the curtain has surely begun to move.

The private sector's renewed enthusiasm for a Channel link has been fuelled by the sustained political support for the project in both London and Paris since the beginning of the decade. And Mrs Thatcher's personal conversion to the idea at the time of her meeting with President Mitterrand last November, galvanised this support by appointing the official Anglo-French working party which produced final bid guidelines in April.

Here again, it has been a pivotal week. On Tuesday, the UK Government crowned endless hours of patient committee work behind the scenes by inviting applications from prospective consultants and merchant banks for the many advisory roles which are anticipated for the final selection procedure. This has signalled the beginning of another critical process in the story of the Channel link over the coming months—the steady refining of the criteria which must be used to choose the successful bidder within 100 days of the October bid deadline.

CHANNEL TUNNEL backers include Balfour Beatty, Costain, Tarmac, Taylor Woodrow, Wimpey, National Westminster and Midland Bank (to be confirmed) and Bouygues, Dumez, Spie Batignolles, Societe Auxiliaire d'Entreprise, Societe Generale d'Entreprise, Banque Nationale de Paris, Credit Lyonnais and Banque Indosuez in France. Morgan Grenfell and Robert Fleming are merchant bank advisers. Estimated cost £2bn.

Graham Lever

EUROROUTE backers include: Trafalgar House, British Steel, British Shipbuilders, John Howard, Kleinwort Benson and Barclays Bank (to be confirmed) in the UK and GTM Entrepose, Alsthom, Chantiers de L'Atlantique, Societe Generale and Banque Paribas in France. The UK partners make up Euroroute Limited (all the above) and Euroroute Construction (excludes the banks). Coopers & Lybrand are consultants and Cazenove are the advising stockbroker. Estimated cost £4½bn-£5bn.

Not surprisingly, perhaps, this looks likely to raise issues even more complex than the technical and financial challenges facing the bidders. The two governments, after all, must decide rather more than whether to allow duty free shopping, whether traffic should drive on the right or the left if a road link is adopted, and whether the favoured design has the maximum protection against rabies carriers—vital as all these questions are.

More subtle problems will centre around the relationship between the future private sector operator of the link and the governments of the UK and France.

Take first, though, the situation of the two leading bidders at the end of a week when they have both begun high profile campaigns. Step number one for both must be to win public confidence for their technical designs and overall management abilities.

A couple of imposing personalities as rival chairmen, one rousing videofilm each and plenty of professional optimism suggest a few of the many similarities between the Channel Tunnel consortium, which wants to bore a continuous rail tunnel from one country to the other, and Euroroute, which is proposing a more ambitious scheme to put a motorway across the Channel.

A constant refrain from both sides is that no single technological innovation is contemplated. Their carefully contrived modesty reflects a keen appreciation of investors' preferences for engineering methods already tried and tested elsewhere.

It is more convincing perhaps, coming from Channel Tunnel. Its basic concept envisages specially designed shuttle carriages in which passengers will be able to park their cars directly from the platform. Frequent departures, says Mr Michael Gordon, will mean crossings "without bookings, without queuing and without hassle." With one line out and another back, the shuttles would circulate to provide a kind of rolling motorway.

The shuttle will be designed to give way at intervals to allow regular trains from British Rail or France's SNCF to whistle past — an idea which seems to beg a question or two. But the shuttle is readily imaginable — even if Channel Tunnel executives are anxious to fend off any comparisons with familiar Motorail services — and the tunnel itself, all seem to agree, is child's play on the scale of today's civil engineering feats.

The same claim made by Euroroute inevitably sounds a little odd. "Nothing new, nothing special," said Mr Bob Sellier, chief executive of the consortium's construction arm, as he ran through his slide presentations on Thursday. But what was this? A huge marina in the middle of the Channel, with hotels and restaurants atop a giant spiral roadway connecting a bridge from the coast to an immersed tube on the seabed?

"Absolutely straightforward technology," intoned Mr Sellier, as the faces on at least one of his three audiences for that day broke into disbelieving grins.

The chairman of Euroroute, Sir Nigel Broackes, was perhaps being a little more frank when he described it all as "one of the most exciting projects in the world at the present time." As chairman of Trafalgar House and former chairman of the London Docklands Development Corporation, Sir Nigel is evidently convinced of Euroroute's practicality — but an exuberant self-assurance can be expected to characterise his leadership, rather than any cautious modesty.

The style of the other camp is so far rather different. Its chairman is Sir Nicholas Henderson, ambassador to Washington during the Falklands War and a former ambassador in Paris. Presenting its plans on the 39th floor of the National Westminster Tower on Tuesday, the group was obviously relieved to be accompanied by its French partners — the formal consummation of the partnership has been endlessly delayed since January — and Sir Nicholas was not going to waste time even acknowledging any other bidder.

"Frankly, I regard ourselves as the only serious one," said Sir Nicholas after the press conference, flanked by an impassive-looking M Jean-Paul Parayre, the former head of Peugeot who is now chairman of the French Dumez construction company and leader of France Manche, the French group of banks and companies supporting Channel Tunnel.

The French banks were only signed up on Monday. France Manche then signed up with the UK partners of Channel Tunnel on Monday evening and they all went off to the Garrick, one of Sir Nicholas's London clubs, for a dinner of Quenelles de Brochet Nantua, Braised Lamb and Summer Pudding.

Next day, it was as if uncertainties over the French position had never existed. Could the tunnelling parties from either end be sure of meeting in the middle, Sir Nicholas was asked. "M Parayre and I," replied the ex-diplomat with measured disdain, "are quite confident that we'll join up at the right place."

But over the next four months, of course, it is not the confidence of the bidders themselves that will count, but the confidence of the City of London. All talk of designs and executive ability will be bent to one end: the achievement of a *credible financing structure.*

Within each of the leading consortia, distinctions are likely to arise at a future stage between the partners seeking to build the link and those intent on operating it. But at the bidding stage, the builders and operators are effectively one and the same.

The sums involved therefore boil down to estimating as accurately as possible the total cost of constructing the tunnel (or the "brunnel") and then projecting the revenues and costs of operation in order to deduce the likely return available on the initial investment.

Unfortunately, neither half of this equation is exactly cast iron, however elaborate the arithmetic. The inflation rate and the cost of borrowing over the construction period are simply anyone's guess. The revenues will depend on assumptions about the volume growth of traffic and the toll charges which will be acceptable to the market, way into the 21st century.

Both leading consortia are awaiting critical reports from independent consultants and their financial plans have a long way to go. But it is already clear that initial work will rely on equity capital from partners. Much of the construction expenses will draw on project financing from the banking sector, while both consortia intend to offer equity shares to the wider public at some date.

Euroroute at present appears rather more than twice as expensive as Channel Tunnel and has not unnaturally incurred rather more scepticism. "My figures are very much back-of-an-envelope estimates," says Mr Richard Hanna, shipping analyst at broker Phillips and Drew whose critique of the whole fixed link project has been widely noted. "But the broad brush approach seems to suggest that the market will have to motor like mad for Euroroute to make a reasonable return on its capital investment."

Before October 31, however, Euroroute hopes to have £10m-£15m of venture capital signed up — perhaps as much *pour encourager les autres* as to help with immediate cash needs. In the meantime, both teams are drawing heavily on experience of financings in the North Sea sector: men like Mr Patrick de Pelet, the Kleinwort Benson director advising Euroroute and Mr Quentin Morris, the former BP group finance director advising Channel Tunnel ("Oh Lord, this is a small one," says Mr Morris).

And finally, advisers—financial and otherwise—are high on the UK Government's list of priorities. But before asking anyone to help it lay out the rules, the Government has had to think hard about the whole shape of the pitch. Just how laissez-faire is it now prepared to be, under the terms of the contract on offer?

Apparently the original intention of the Government, welcomed by the Inland Revenue among others in Whitehall, was to restrict future constraints on operators to an absolute minimum. But the French took a far more *dirigiste* attitude—the Frejus tunnel between France and Italy, after all, was entirely a public sector project in the 1970s—and so, in the end, did the UK Treasury.

The result seems bound to be something of a compromise, with the Treasury insisting later this year on having some influence over the fixed link's toll structure, its tax status and perhaps even its profitability. Every contender for the mandate will know it faces months of hard bargaining over the issues like these. But both Channel Tunnel and Euroroute can be guaranteed, at least until the very last minute, to pour scorn on any idea of compromise over the central issue of all—which is to be the winner?

Man in the News

Eduard Shevardnadze

How he marched through Georgia

By Patrick Cockburn in Moscow

WHEN Mr Eduard Shevardnadze was named as the new Soviet Foreign Minister to replace Mr Andrei Gromyko last week, there were gasps of surprise from the diplomats crowded in to the gallery of the Supreme Soviet building in the Kremlin.

Mr Gromyko's elevation to the presidency after 28 years as foreign minister had been predicted by some, but none expected the leader of the southern republic of Georgia to replace him.

Mr Shevardnadze's official biography looks very similar to that of the other men in their fifties or early sixties whom Mr Mikhail Gorbachev, the Soviet leader, has promoted. He has risen rapidly through the ranks of the Communist Party in much the same way as Mr Gorbachev—who himself comes from the Georgia plains which stretch north from the foothills of the Caucasus Mountains.

In fact, Mr Shevardnadze's selection to the Politburo last week, and his appointment as Foreign Minister, are the culmination of a melodramatic career, very different from that of Mr Gorbachev or his principal aides.

Georgia, the republic of five million people perched in the Caucasus Mountains on the shores of the Black Sea, has always been the Wild West of Soviet politics. Other parts of the Soviet Union have their scandals but in Georgia they have traditionally been on a Sicilian scale.

The scandal which catapulted Mr Shevardnadze into the position of First party secretary for Georgia at the early age of 44 in 1972 was, even by the standards of the Soviet deep south, of heroic proportions.

During the 1950s and 1960s Georgia was run by Mr Vasily Mzhavadze under whom corruption became rampant. Georgia was in a particularly good position to benefit from shortages in the industrial cities of the north because of its high quality agricultural produce and traditional wheeler dealing.

From 1966, Mr Shevardnadze was Interior Minister for Georgia, a position which brought him into direct contact with the local rackets. His attempts to crack down led to an immediate riposte from the local party leadership: he was dismissed as minister for "over zealousness."

It is still not clear how Mr Shevardnadze managed to outmanoeuvre his local opponents. He is said to have gone to Moscow with a suitcase full of evidence, accumulated over the previous six years from police files, on the defalcations of the local leadership. Mr Mzhavadze's wife Tamara, for instance, was well known for her diamond collection.

As a result of the scandal in the local party leadership, Mr Shevardnadze was told to take over and Mr Mzhavadze was suddenly "retired."

He immediately put in train a reform of the local party apparatus.

The drive against the local black market, which brought down numerous members of the party and the local establishment in two years, was not popular. Some 25,000 people were arrested and Mr Shevardnadze is said to have survived an assassination attempt.

His own life style, meanwhile, was apparently modest and he continued to occupy a small flat, declining the mansion occupied by his predecessor. But the imposition of Mr Shevardnadze's authority took two or three years. Bizarre rumours spread when Tbilisi opera house was burned to the ground in 1973. The motive of the arsonists was said to be a desire to destroy stolen church property stored in the props room before the police could examine it. A few years later a grenade exploded in the Council of Ministers building.

By the late 1970s, Georgia had settled down, though to this day it retains its reputation for rampant black marketeering.

But Mr Shevardnadze found that he had to tread delicately in giving due deference to Moscow, on the one hand, and accommodating, on the other hand, the strong cultural sense of identity of Georgia. The republic was independent of Russia in the 1780s and again briefly in 1918-21.

For instance, at a Georgian party congress in 1976 he took many Georgians aback, when he declared that for them "the sun rose not in the east, but in the north."

But Georgia is also one of the few regions in the Soviet Union which has seriously implemented economic reform, such as grouping all organisations dealing with agriculture under a republican committee, amalgamating some local industrial ministries and even, in one or two small towns, devolving more power on to local councils. These reforms particularly in agriculture have intrigued Mr Mikhail Gorbachev.

Thus, economic experiments which have withered elsewhere in the face of ministerial inertia and political sabotage have been spurred on in Georgia under Mr Shevardnadze.

As a clever politician, even by high Georgian standards, he had to walk a narrow line between catering for local needs and keeping in with the central authorities. But his speeches, stripped of their cloying references to party general secretaries in Moscow, show him to be a sustained advocate of economic change well before Mr Gorbachev came to power.

This put him in a strong position with the new group of leaders in the Politburo. He is very much of their mould. It is not clear how far these experiences as leader of Georgia have fitted for the job of foreign minister—his longest published speech in Pravda this year contains just one sentence on foreign affairs and that a quote from Chernenko—but he has hardly led a cloistered life.

"No one told me beforehand to look out for Mr Shev . . . whatsisname." Vice President George Bush said this week. Now we shall all have to.

Additional research by David Buchan.

BRECON AND RADNOR

A bad time for the pollsters

By Peter Riddell, Political Editor

BY-ELECTIONS are like skirmishes in a long campaign. They may have little impact on the ultimate result of the conflict, but they do have a large immediate effect on the morale of the troops involved.

Hence the main impact of Mr Richard Livsey's narrow victory for the Liberal/SDP Alliance at Brecon and Radnor is likely to be psychological—on the mood of politicians and voters.

The first effect may be seen in the next batch of opinion polls. Judging by what happened after its previous by-election successes, the Alliance's rating should rise, at least temporarily.

Beyond that, the impact may be limited. There will no doubt be much anguish for a few days among Conservative MPs. But Ministers are already well aware of the Government's unpopularity with voters and Mrs Thatcher is highly unlikely to appear to be worried by bringing forward the ministerial reshuffle expected in early September.

Labour's disappointment at losing so narrowly will be further increased since it poured so many resources—all the Shadow Cabinet and three-quarters of its MPs—into the constituency and still lost, having started out on equal terms with the Alliance.

Ironically, the very opinion polls which made Labour the clear favourite for much of the campaign may have been partly to blame. It is possible that the message of the polls that Labour would win and, in the last few days, that the Tories were fading, may have encouraged both some weak Conservatives and many don't knows to switch behind the Alliance to stop Labour.

There is none the less something seriously wrong with the opinion poll figures even after allowing for a possible late switch in votes. A Market and Opinion Research International (MORI) survey carried out on Tuesday and Wednesday gave Labour 46 per cent compared with 28 per cent for the Alliance. This represented a near 12-point error compared with Labour's actual result and was 10 points out for the Alliance, well outside the pollsters' margin of error. An NOP survey published this week also had an eight-point error in the Labour vote though only a three-point one for the Alliance.

A problem may have been the sheer size of the constituency—the second largest in England and Wales—with many small towns and villages.

Mr Nick Moon of NOP admitted yesterday that this may have undermined the accuracy of his survey and led to an over-sampling of Labour voters in the relatively concentrated industrial area in the south-west of the seat.

Mr Robert Worcester, the chairman of MORI, yesterday defended his methods. In a radio interview he said that the figures were the most accurate following the use for the first time of a new system based on a computer survey of the constituency originally taken by the Census Office. On this basis MORI had picked 55 typical districts where voters were closely questioned.

Yet this is not the first time that a by-election poll has been seriously inaccurate. An NOP survey published a couple of days before the Portsmouth South by-election in June, 1984 put the Alliance in third place, though in the end it won.

Perhaps the message is that sample sizes need to be even larger, particularly in unusual constituencies like Brecon and Radnor. Moreover, interpretation of by-election polls needs to be more cautious given that voters may change their minds and are subject to an exceptional amount of attention by the parties and media.

There is certain to be continuing controversy over the roll of the pollsters and particularly MORI, which is also retained by Labour to conduct its private polling. Alliance leaders were yesterday already attacking Mr Worcester on the handling and presentation of his polls and Dr David Owen, the SDP leader, said he had lost confidence in the objectivity of MORI.

Traditionalists will no doubt be pleased that, if the polls had been ignored and old-fashioned journalistic and other means had been relied upon, then the result might have been more accurately predicted. Most journalists and politicians who visited the constituency said for most of the campaign that the Conservative vote was slipping and that the result was likely to be very close with the Alliance candidate just the favourite. That was also the view of local bookmakers who kept Mr Livsey as favourite throughout the campaign.

Now Mr Livsey will enjoy the glory that goes with being a winner whatever the statistical qualifications. But after his no doubt triumphant entry to the Commons next Tuesday he will soon be forgotten. Brecon and Radnor will be seen not as a turning point but as one more footnote in the unpredictable saga of three-party politics.

The Brecon result is nonetheless worse than Conservative leaders feared. As the accompanying table shows, the drop in the Tory vote compared with the 1983 General Election is the largest in any by-election in this Parliament.

Moreover, this is only the fourth time since 1918 that their candidate has dropped from first to third place. Ministers were eager to point out yesterday, governing parties often do poorly in the middle of a parliament. But the outcome was relatively much worse than the average.

As important as the figures for the Tories was the clear evidence throughout the campaign that the Government was on the defensive over alleged cuts in public services.

Several Ministers will be arguing for a shift in rhetoric and a fudging of some of the public spending figures to avoid unnecessary rows about cuts in some services, and to proclaim increases in programmes where they have occurred.

A particularly worrying point for the Tories is that it is possible that abstentions by former supporters cannot be blamed. The turn-out of voters was high at nearly 79 per cent, only just below the general election level. Hence there was substantial shifting from party to party with few disillusioned Tories staying at home.

The main beneficiary was the Alliance. Yet, as the table shows, the percentage increase in the Alliance vote compared with that of 1983 was not remarkable by the standards of recent by-elections and was less than in four out of the eight contests in this Parliament.

Mr Neil Kinnock may have been indulging in characteristic hyperbole in talking of a "magnificent result," but the rise in the Labour share of the vote was by far the biggest in any by-election in this Parliament and exceeded most for more than 15 years. Indeed on the basis of yesterday's figures, Labour would be the largest single party in a hung parliament.

Labour leaders can, and no doubt will, blame the impact of Mr Arthur Scargill's speech at the National Union of Mineworkers' conference at the beginning of the week. Mr Rogers, the Labour candidate's "minder" and MP for the Rhondda, himself strongly identified with the NUM during the strike, and said he would have much preferred the election to have been held in a different week from that of the NUM conference.

So, at the last moment, the nightmare which Labour leaders had hoped was forgotten may have prevented them from winning. To have come so near is especially frustrating when the winner takes the prizes in the first-past-the-post system which Labour leaders themselves defend.

BRITISH BY-ELECTIONS

Percentage change in each party's share of the vote since June 1983 election.

		Cons	Lab	Alliance
July 1983	Penrith	−12.8	− 5.9	+16.7
March 1984	Chesterfield	−17.3	− 1.6	+15.2
May 1984	Stafford	−10.8	+ 3.7	+ 7.1
May 1984	Surrey SW	−10.4	− 1.5	+11.3
May 1984	Cynon Valley	− 6.8	+ 2.8	− 0.7
June 1984	Portsmouth South	−15.7	+ 4.0	+12.1
December 1984	Enfield Southgate	− 8.5	− 6.0	+12.2
July 1985	Brecon & Radnor	−20.5	+ 9.3	+11.3

Future look of the City

Mr Peter Palumbo (left) and Mr James Stirling

Towers, ratios and piazzas

By Colin Amery

ALMOST OVERNIGHT the future architectural shape of the City of London has been changed by one simple decision. Towards the end of May Mr Patrick Jenkin, Secretary for the Environment, rejected Mr Peter Palumbo's long-standing proposals for a tower block and a piazza designed by Mies van der Rohe to be built alongside the Mansion House.

This week Mr Palumbo announced that he has asked the British architect James Stirling to prepare a design for the site.

Why should the selection of a new architect have such widespread repercussions for the City? Mr Stirling may mean nothing to the layman, but he is a major and potent force in contemporary architecture. His works are the antithesis of the glass box, and he has always been seen as something of an outsider by the commercial world. Mr Palumbo's choice is likely to be seen by future generations as an inspired act of patronage.

It was no coincidence that Dr Keith Gugan, chairman of the City's planning and communications committee, was present at Mr Palumbo's press conference to announce the architect. Dr Gugan is a scientist and under his chairmanship the officers in the Guildhall have produced the new Draft Local Plan for the City. It has been under public discussion since November and officials are currently analysing the wide range of public comment. Later this year the amended draft plan will go before the Court of Common Council and then there is bound to be a public inquiry.

Comment on the plan has been exceptionally critical. The British Property Federation said that "as currently drawn the plan has a totally disproportionate bias in favour of mass blanket conservation."

The Associated Owners of City Properties feel that if the City Draft Local Plan is approved in its present form: "It would be a recipe for turning a flourishing and dynamic centre into an outdoor museum for the benefit of tourists only."

The plan, in fact, poses the dilemma of the future shape of the City. How is the nation's financial heart going to keep on pumping efficiently into the next millenium while retaining some sense of our architectural inheritance and a scale that is human and civilised?

Taking a walk around the City today is very much a mixed pleasure. Some of the older character of narrow streets, Wren churches, small open spaces, old pubs and elegant livery halls survives. Alas, in large parts of the City mediocre post-war architecture, the ubiquitous glass box and bad planning (particularly along the Thames) has destroyed any sense of quality or style.

This sense of dismay at much of what has been built since the Second World War rightly provokes a strong conservationist reaction. It was unfortunate that Mr Palumbo's original Mansion House Square proposals bore the brunt of this reaction at the public inquiry last summer, since he is one of the few developers interested in the quality of architecture.

But the architectural climate has changed. Both in London and European capitals and to a lesser extent in New York the effects of the conservationist movements have been to make architects and planners more careful about their immediate surroundings.

This is where Mr Stirling comes in—if he can make sense of this pious hope he could produce a design that would be a blueprint respecting the past but suitable for the future.

Mr Stirling has said that he likes some of the listed buildings on the site and that his aim is to produce a large (up to 100,000 square feet) office building that will at the same time be a modern but human scaled environment. It will be a landmark but it will also be carefully knitted into the existing fabric.

If his design is a success when it is unveiled this December, it will help to delineate the common ground between the past and the future which is the only sympathetic way for a City as old and distinguished as London to grow.

The City Draft Plan shows that some 70 per cent of the City is designated as conservation areas. When he introduced the plan last year, Dr Gugan said that he saw it as a way of checking the balance between conservation and development. The plan itself does not make it clear how this balance is to be achieved.

More recently, Dr Gugan has said that it will have to be possible in the future to relax some planning controls in parts of the City to take the pressure off the conservation areas. He described his proposals to me as "kite-flying" but he was quite specific.

Height restrictions are one category of regulation that is ripe for change. These rules were largely devised to protect views of St Paul's Cathedral and are likely to be revised. The Royal Fine Art Commission's recent report, (Cmd.9498 June 1985) calls for the revision of policies on high buildings in London as a whole.

The approval of a high office tower for the Little Britain site could easily lead to a crop of towers to the north and east of St Paul's. Indeed in visual terms there is nothing against the development of a backdrop of towers to the famous view of the City as seen from the South Bank of the Thames.

The National Westminster Bank tower would positively benefit from some taller neighbours.

Plot ratio is a planning device that could be developed. The plot ratio around the Bank of England is 5½:1. That means that the owner of one square foot in that part of the City can develop 5½ square feet of gross office area when he rebuilds. The City Draft Plan proposes a major rethink and points out that a simple relaxation of 2 per cent per annum could add some 600,000 sq ft of office space to the City total. The Planning and Communications Committee for the City is currently looking at the idea of transferable plot ratio rights in the City. If adopted, this would enable the owner of buildings in a conservation area to transfer its development potential to a site outside the area. Owners of buildings in New York currently buy and sell "air rights" —a recent example being the selling of the air rights above Grand Central Station to an office tower developer on nearby sites.

The third area ripe for change is the need for the planners to develop guidelines for development outside the City's main conservation areas. It is worth pointing out that there are potential development sites for growth within 100 yards of the City's main conservation areas. There was a time when Liverpool Street was thought to be too far from the Bank but clients are taking space at this moment in a 1m sq ft scheme that is yet to be built.

What about the relationship of the City to docklands? If communications can be improved and the docklands light railway is allowed to come at least as far as Fenchurch Street (instead of Tower Hill as at present) offices could flourish in the docks.

A consortium of banks headed by First Boston has already taken an option on Canary Wharf on the Isle of Dogs—with all the advantages of Enterprise Zone status. It plans to build offices that will also have space for leisure facilities for the staff and sophisticated links to the heart of the City via videophone. The City of London plan must take more account of Docklands—the days of a walled City are over.

Letters to the Editor

Lessons from the hijack

From Mr W. D. Manshel

Sir,—If it is the function of journalists to keep an eye on the world, and that of television reviewers to keep an eye on the world as reported by television, this is a daunting task evidently beyond the capability of your reporter, Christopher Dunkley.

In his "Disturbing lessons from the hijack" (July 3), moreover, he clearly exceeded the tasks of a television reviewer and with your evident permission launched into an attack on the United States.

"Who is America," he asks, "with its history of saturation bombing of Laos and Cambodia, and of civilian assassinations by the CIA elsewhere . . . to call any other kettle black, or to condemn anyone self-righteously as a 'terrorist'?"

Let's start with the quotes around the word terrorist. Apart from more than a score of passengers being hijacked, 39 of them held forcibly for more than two weeks, one of them was killed. Not killed outright in the heat of the moment, mind you, but killed slowly and deliberately, at the end of an extended period of kicking and beating that left this young man insensate and unrecognisable. If that isn't terrorism, sheer and simple, without quotes, let Mr Dunkley define what terrorism is.

The remainder of Mr Dunkley's sentence bespeaks the origin of his influences. As a long-term critic of America's Vietnam war (as Eugene McCarthy's 1968 foreign policy adviser) and of CIA violations of its charter, I accept modulated and rational criticism of both. Mr Dunkley's attack is neither. "Saturation bombing," which I assume Mr Dunkley to be too young to remember, was an element in the joint U.S.-British effort to soften-up Nazi Germany for defeat. To describe our bombing in Laos and Cambodia, unjustifiable as I judge it to be, as "saturation bombing of civilians" is tendentious in the extreme.

As to the CIA, whose past record could reasonably be questioned, I challenge Mr Dunkley to name the "civilian assassinations" that he says make the United States unworthy to condemn other people's terrorism.

For your television reviewer, the disturbing lessons from the hijack are two: One, that Israel's 700 prisoners were as much the result of terrorism, if that is the applicable word, as Amal's hostages. The second, that "America's one-eyed policy in the Middle East" may be responsible for "the whole ghastly mess in the first place."

To this American observer it is less important that Mr Dunkley evidently has more lessons to learn from the hijack. More important is the evidence this article provides, that the left-wing Press in the United States can take succour from the views expressed in the more conservative Press of our closest ally.

Warren D. Manshel,
U.S. Ambassador to Denmark, 1978-81
888 Seventh Avenue,
New York.

Japanese show more interest

From the management consulting director, SRI International

Sir,—Your article on the technology gap between the U.S., Japan and Europe (June 26) was very interesting. My company, SRI International, undertakes contract research and is located near Silicon Valley. We are leaders in several fields of information technology, new materials and automated manufacturing development.

Although we have a significant number of European clients, the many Japanese companies we deal with are much more likely to work with us in our laboratories in the United States developing new products and processes. We frequently have busloads of Japanese visitors eager to gain "state-of-the-art" knowhow. Europeans are relatively less keen, many feeling that their company or country should supply all their technology needs. This attitude exemplifies the cultural problem we have in Europe.

Christopher J. Clarke.
12-16 Addiscombe Road,
Croydon, Surrey.

Tax advice from an 'actor friend'

From Mr R. A. Armstrong

Sir,—I was amazed by "This taxman was no Scrooge" (June 29).

Guy Harris explains that he was advised by an "actor friend" that certain expenses incurred by his wife might have been allowable against income tax (as a Schedule D Case II deduction). He explains that his tax inspector subsequently pointed out to him the existence of capital allowances and other allowable expenses such as insurance and repairs, of which he was previously unaware, and which he says he doubted he would have discovered had the inspector not offered his advice.

A similar experience befell Mr Harris when he consulted his solicitor concerning capital gains tax, and was wrongly advised.

Has it never occurred to Mr Harris to seek the advice of an accountant? Most accountants are able to advise on all aspects of personal taxation, and would be glad to do so.

However, should he continue to rely on actors, mechanics and hairdressers for tax advice, he may continue to pay more tax than is necessary.

R. A. Armstrong.
28 Bennett House,
Headlam Road, SW4.

From Mr D. J. Booth

Sir,—I am sure that the inspector of taxes shook the hand of taxpayer Guy Harris. First, Mr Harris's wife should have been present at the commissioners' hearing. Secondly, the commissioners cannot decide on a point of law, only of fact, so they had no power to rely on the inspector's tax case. Perhaps if the taxpayer's wife had been present, she would have spotted the error in procedure and asked for a case to be stated.

D. J. Booth.
4a, Lawn Road,
Lymington, Hants.

Demographic techniques

From the principal consultant, CACI Market Analysis.

Sir,—On May 30 you carried a feature article on demographic marketing techniques. This referred to the launch of a market analysis system called PIN which competes with CACI's Acorn system.

Pinpoint's promotion of this new system particularly concentrated on inaccuracies, which, it was claimed, were involved in the input data relating to Acorn. Grid references of census areas were singled out for special mention.

It was stated that 70 per cent of census enumeration districts in Camden had no given central point and that across London as a whole 55 per cent of all such grid references were dramatically wrong.

It has taken us time to respond because we have felt obliged to conduct our own careful checks. This we have now done and we conclude that there is absolutely no factual basis for either of the two above claims. Such flaws as do exist are minor and in no way compromise the integrity of the Acorn system.

John W. Whitehead.
[illegible]

The free market and conveyancing

From Mr A. Holland

Sir,—I had expected greater clarity of thought from your paper than was evidenced by your recent reporting on "the free market and conveyancing" and on the allied topic of whether solicitors should be employed by banks and building societies to carry out such work.

The current reporting seems to overlook some fundamental facts. These are:

- The Law Society's concern about the proposals is that the lender will be providing, through an employee, the legal advice required by the borrower.
- The borrower requires independent advice in two contexts: first whether he should be entering into the borrowing arrangement at all in relation to that purchase and secondly whether he has obtained the best possible deal in relation to the borrowing itself. He may well consult, as the Consumer Association suggests, the building society before seeing a solicitor but what its survey does not find out is how far, when he does consult a solicitor, he then has second thoughts.
- What is perfectly clear is that there will be no second thoughts if the present proposals become law. Once in the hands of the lender, the borrower will be in receipt of no independent advice whatsoever.

It really is a most extraordinary state of affairs that the press and the consumer associations of this country now seem to regard commercial money lenders, with enormous financial backing as being the saviours of the consumer.

Tony Holland.
70-72 North Hill, Plymouth.

Eureka and U.S. spending

From Mr A. Turner

Sir,—Naturally considerable thought has been given recently in the European Parliament to the fact that the aggravated danger of a brain drain and of diversion of European technical resources (in the form of time and effort purchased by U.S. authorities) is inevitable because of the enormous increase in spending on technical matters by the U.S. in the SDI programme. Though the programme is military its civil spin off for American industry will be enormous. Furthermore, there will be a great increase in the training of scientists who will eventually find their way into private industry.

Eureka has many possible potential forms, but I believe that it is extremely important that one thing which it or some other Community arrangement does will be the first to monitor the consequences of U.S. offers of contracts under SDI to European technology institutes, universities and company laboratories. Second, when the monitoring so suggests in the case of particular projects which seem (directly or indirectly) to be most relevant to European industry, and in which the U.S. is proposing to rely on substantial European technological assistance, such European set up (whether Eureka or not) should arrange for a joint approach to the U.S. to propose joint financing, management and control of such project. In this way, Europe would retain a degree of control over its technology and over the technology transfer in civil industry.

I feel that unless some common response by the Europeans along these lines can be agreed (and I personally believe that it could be done through the Commission without setting up any great new agency), we shall see scientists, universities, companies and, indeed, even European governments picked off one by one with Europe having no say in use of its own resources.

This matter was taken up in the European Parliament last week and the operative resolution read "believes that co-operation and co-ordination with American projects are necessary to ensure effective co-ordination of all European participation (whether by government, universities, research institutes or companies) so as to ensure a proper share for European policy-making, management and access to technical information."

A. Turner.
MEP for Suffolk and SE Cambs.,
The Barn, Westleton,
Saxmundham, Suffolk.

Missing persons

From Mr R. Harris

Sir, — Malcolm Rutherford (June 28) considers the reasons why there are fewer by-elections than there used to be. He does not, however, appear to have thought of what is to me the most obvious explanation. This is that MPs continue to die at the old rate, but that their deaths are concealed, and the MPs are replaced by robots without anyone noticing.

Richard Harris.
1e Haverstock Hill, NW3.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other	
Abbey National	8.25	9.25	9.52	Seven-day account
			10.75	Higher interest account 90 days' notice or charge
			7.00/9.52/10.00/10.50	Cheque-Save
			11.00	High rate bondshare
Aid to Thrift	9.80	—	—	Easy withdrawal, no penalty
Alliance	8.25	9.25	10.00	BankSave. Balance of £2,500. Current account. Balance under £2,500. 9.00. Minimum initial investment £500
			10.00	Gold account. Minimum investment £500 Imm. wdl
			11.00	Premier ½-yearly/mthly. min £1,000. Imm. wdl. (pen.)
Anglia	8.25	8.25	10.00	Instant gold. Annual int. No notice or penalty
			10.75	3-year bd. 90 days' not./pen. Differential 2.5 guaranteed
			11.00	Capital plus £10,000+. Annual int. 60 days' not./pen.
Barnsley	8.25	10.00	10.75	2-year term share—£1,000+—3 months' notice
			10.10	Special invest. (28 days' notice) 10.10 monthly inc. a/c
Bradford and Bingley	8.25	8.25	10.00	No notice, no penalty. £1,000+
			11.00	3 months' notice without penalty £5,000+
Bristol and West	8.25	9.25	9.50	Plus account £1,000+. No notice. No penalty
			10.30	£20,000+, 10.10 £5,000+, 9.90 £1,000+ 7-day notice Triple Bonus. Also monthly income
			11.00	Special 3-month account, £5,000+, 3 months' notice
Britannia	8.25	9.25	10.80	90 days' notice
Cardiff	9.75	9.85	10.80	90 days' notice or penalty if balance under £10,000
Catholic	8.55	9.55	10.05	Extra share, £5,001+ 10.30, 30 days' notice
Century (Edinburgh)	8.85	—	9.30	Guaranteed rate 2/3 years (or variable account)
Chelsea	8.25	9.25	11.10	Immediate withdrawal interest pen. of 3 months' notice
Cheltenham and Gloucester	—	5.25	10.75	Gold. No notice. No penalties £20,000+, 10.75. £500-£19,999, 10.25. Under £500, 8.25
Citizens Regency	8.25	9.75	10.00	7 days, 10.00 1 month, 10.25 2 months, 10.85 3 months
City of London (The)	8.50	8.75	10.25	3 months' notice—no penalty—monthly income
			9.95	7 days' notice immed. access for amounts over £5,000
Coventry	8.25	8.50	11.10	3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential.
			10.75	Moneymaker £20,000+, 10.50 £5,000+, 10.25 £1,000+, instant access no penalty, monthly income option
Derbyshire	8.25	9.50	11.00	2 years, 3 months' notice. 10.75 monthly income
Frome Selwood	8.25	10.50	10.80	Day account, instant access for balances over £10,000
Gateway	8.25	9.25	10.03	Gold star £1,000+. No notice. No penalties. Monthly interest £5,000+. 10.50 if added to account
Greenwich	8.25	—	10.80	60-day account (no notice account 9.50-10.00)
Guardian	8.50	—	10.85	6 months' not. £1,000 min. Access to balance £10,000+
Halifax	8.25	8.25	8.75	Instant Xtra. Immediate withdrawal no penalty
			10.75	90-day Xtra. 90 days' notice no penalty (£500 minimum)
			10.60	Premium Xtra (£10,000 min 1 guaranteed 2.00 diff. 3 yrs.
Heart of England	8.25	9.50	11.00	High interest. 10.75 1-year bond
Hemel Hempstead	8.25	8.75	11.00	90 days. 10.25 60 days. 10.00 28 days
Hendon	8.35	—	10.10	7-day account. Minimum £500
Hinckley and Rugby	8.25	11.55	10.80	1-year certain minimum £500 monthly income £5,000
Lambeth	8.40	9.50	9.90	7-day a/c. 10.85 Magnum a/c 6 weeks+loss of interest
Leamington Spa	8.35	—	10.50	Super share, no notice, 14 days' pen. £2,000 minimum
			11.10	Super share, no notice, 14 days' pen. £5,000 minimum
			11.40	Super share, no notice, 14 days' pen. £20,000 minimum
			10.50	High flyer, no notice, no penalty, £5,000 minimum
			10.75	High flyer, no notice, no penalty, £20,000 minimum
Leeds and Holbeck	8.25	10.00	10.75	Monthly interest, 10.25 28 days' notice, 10.50 90 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	8.25	9.25	10.75	Limited edition £5,000 3 months' notice or 90-day pen
			10.25	HRAS 3 mths' not., 10.00 Liq. Gold no pen./no notice
Leicester	8.25	9.25	9.60	£500+ immediate withdrwl. no penalty 10.75 £10,000+ minimum 1 year. 10.25 £2,000+ minimum 1 year
London Permanent	8.75	—	10.25	60 days' notice or imm. wdl. no penalty if bal. £7,500+
Midshires	8.25	—	10.50	2-year term. 2.25 differential guaranteed. 3 months' notice or penalty
Mornington	9.80	8.25	9.80	£2K, 10.00 £2K+, 10.10 £10K+, 10.25 £20K+
National Counties	†8.55	9.80	10.55	90 days' notice, no penalty if £1,000+
National and Provincial	8.25	9.25	10.75	APEX 3rd issue (2.50 gtd 3 years) 60 days' notice/pen.
			10.25	Money man £10,000+ No notice No penalty
			10.00	Money man, £500+ (8.25 under £500)
Nationwide	8.25	9.25	10.75	Capital bonds, 3 years, 90 days' notice/penalty
			10.75	Bonus-90 £20,000+, 90 days' notice/penalty
			10.50	Bonus-90 £10,000-£19,999, 90 days' notice/penalty
			10.25	Bonus-90 £200-£9,999, 90 days' notice/penalty
			9.75	Double bonus, minimum £500, no notice/penalty
Newcastle	8.25	8.50	10.25	60 days' notice, 9.75 7 days' notice. On demand by arrangement
Northern Rock	8.25	9.50	10.75	Moneyspinner plus £20,000 or more, instant access
			10.25	Moneyspinner plus £10,000 or more, instant access
			10.00	Moneyspinner plus £5,000 or more, instant access
			9.75	Moneyspinner plus £500 or more, instant access
Norwich	8.25	9.50	9.80	7-day share/monthly income option 10.00 on £10,000+
Peckham	8.90	—	9.90/10.40	immediate withdl. if over £2,000 Monthly income
Peterborough	8.25	9.55	10.85	pa "85" shares—85 days' notice—monthly income
Portman	8.25	10.50	*9.85	Flexi-plus. £500+ instant access, no penalty
			*10.25	Pm. £500+ 2 months' not., no pen. * Mthly inc. £2,000
Portsmouth	8.40	9.90	11.20	5-year, 11.00 3-year, 10.85 60-day, 10.25 30-day
Property Owners	8.75	10.25	10.55	3 months, 10.25 6 months, 10.10 28 days, 10.00 mi. ac.
Scarborough	8.25	9.60	10.45	Over 55's no penalties M.I. minimum £250—10.15
Skipton	8.25	9.50	10.80	Sovereign £10,000+ instant access—no penalty
			10.30	Sovereign £500-£9,999
Stroud	8.25	8.50	11.00	2-year term. Notice accounts with monthly income option 10.50 90-day, 10.25 28-day
Sussex County	8.25	8.70	9.50	7-day, 8.90 Sussex High, 10.75 90-day
Thrift	9.20	—	10.20	3-year term. Other accounts available
Town and Country	8.25	—	11.00	2-year term £10,000+, 10.75 £500-£9,999 withdl. avail.
			10.75/7.00	Moneywise cheque/Visa Int. varies with balance
			10.75	Super 60 ½-year interest £500, wdl. available, mth. inc.
Wessex	10.10	—	—	No notice—no penalties—minimum £1
Woolwich	8.25	—	9.75	Prime—no notice, no penalty, minimum £500
			9.75	Monthly income shares, 28 days' notice
			10.75	Capital, 90 days' notice/penalty
Yorkshire	8.25	8.25	10.15	Diamond key, 28 days' notice or 28 days' penalty
			11.05	Platinum key, 60 days' notice or 60 days' penalty

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

Debenhams looks at the options

BY CHARLES BATCHELOR

Debenhams, the department store group, has received "many approaches and a huge number of enquiries" from parties interested in putting together a consortium bid in response to the unwelcome £459m takeover bid from Burton Group.

Mr Robert Thornton, Debenhams chairman, told the annual shareholders' meeting yesterday that: "We have passed all these enquiries on to our bankers, Kleinwort Benson. They are assembling them to try and find out what is best. There are many interesting options, but there will be no deals that do not come before the shareholders."

More than 1,000 shareholders crammed into the Great Room of London's Grosvenor House Hotel, to be given a 30-minute slide presentation illustrating their company's recent progress.

Shareholders were also treated to a buffet lunch served beneath banners proclaiming "Debenhams says thank you, and no to Burton/Habitat," and were presented with badges and stickers urging "Hands off Debenhams."

Mr Thornton told shareholders that while the idea of a management buy-out had been dropped the management and staff wanted to be associated with the company in any alternative to the Burton bid.

Mr Thornton described the Burton bid, which also has the backing of Habitat-Mothercare, as "derisory in financial terms and totally lacking in commercial logic."

Mr Robert Thornton (left), chairman of Debenhams . . . Burton's bid is "derisory in financial terms and totally lacking in commercial logic." Mr Ralph Halpern (right) chairman of Burton

Debenhams said it would not disclose the value put on its property in a recent revaluation until it received "a proper bid" from Burton.

Debenhams has until the end of next week to disclose new information under the Takeover Code. The Burton-Habitat camp is increasingly convinced the latest revaluation will show no increase on the 1982 figure and may even show a decline.

Mr Thornton defended his earlier forecast of a pre-tax profit of about £60m in the year ending January 1986, which was based on only 16 weeks trading. Debenhams' subsequent performance, despite the poor weather in June, has continued to be "more than satisfactory" and was in line with the forecast, he said.

Mr Andrew Noble, managing director in charge of store operations, said that Debenhams had identified 50 towns where a new store could be sited in addition to the 67 existing stores.

Debenhams plans to spend £200m on new stores and refurbishment over the next five years to take the total group sales space to 5.5m square feet. In the past five years it has spent £140m.

Debenhams plans to open a branch of its Hamleys toy chain in Birmingham on the site of a former Debenhams' store before Christmas 1985. This store will have 50 per cent more sales space than the Hamley's main Regent Street outlet.

It emerged yesterday that Wednesday's meeting between Mr Thornton and Mr Ralph Halpern, Burton chairman, had been a brief social encounter at Wimbledon.

Burton's share rose 2p yesterday to 463p to value the offer for Debenhams at 327.8p per share. This remains well below Debenhams' share price which rose 8p to 389p.

Burton is offering three of its own shares and £2.50 in cash for every five Debenhams' shares.

The Office of Fair Trading has yet to announce its decision on whether the Burton bid should be referred to the Monopolies and Mergers Commission. A statement is expected early next week.

Second closing date on the Burton offer is Wednesday July 10. By the first closing date Burton had acceptances from the holders of only 0.14 per cent of the Debenhams' shares.

Matthew Hall £19m agreed bid for IDC

By Andrew Arends

MATTHEW HALL, engineering designers and contractors is to acquire IDC Group, an industrial and commercial building company, in an agreed takeover for £19m in cash and shares.

Mr Michael Holliday, a director in charge of corporate development at Matthew Hall said that the two groups occupied "complementary positions" in the engineering and construction markets. Matthew Hall mainly operates in the design and construction of processed plants, whereas IDC is involved in the construction and refurbishment of industrial buildings.

In the year ended October 1984 IDC turned in pre-tax profits of £1.5m on turnover of £57.51m. Annual turnover for the combined group is

Under the terms of the deal IDC shareholders will receive 13 new Matthew Hall ordinary shares plus £8 in cash for every 10 IDC shares. Moreover, when the offer becomes unconditional in all respects, IDC shareholders will receive a special interim dividend of 1.95p per share.

Matthew Hall said yesterday that acceptances had been received from Mr Howard Hicks, 71-year-old founder and chairman of IDC, his family and family trusts, representing 70 per cent of the company's share capital.

On yesterday's announcement IDC shares jumped 79p to close at 265p. Matthew Hall shares closed 3p higher on the day, closing at 156p, valuing IDC shares at 282p.

Matthew Hall said yesterday that it intended to operate IDC, which is based in Stratford-on-Avon, as a separate business within the group. On completion of the deal, Mr Holiday said, two Matthew Hall directors will be appointed to executive positions on the IDC board and Mr Hicks will join the Matthew Hall board.

In the company's latest report Matthew Hall shows £14.2m on turnover of £353m, although the mining engineering division was hit by the miners' strike. These figures compared with pre-tax profits of £12.9m, on turnover of £361m, in the previous year.

Mr Holliday said yesterday that the acquisition of IDC would not dilute earning per share for the current financial year.

But he added that it would reduce the proportion of Matthew Hall's overseas business to below 20 per cent of the group's total, and he said the group was now looking for further acquisitions abroad.

Thorn slumps to £108m and dividend not covered

THE CITY was yesterday given a clearer picture of the problems at Thorn EMI, the electronics and entertainments group where Sir Graham Wilkins took over the chair on Monday following the resignation of Mr Peter Laister.

Sir Graham disclosed that during the year to March 31, 1985, the group experienced a sharp fall in taxable profits from £156.5m to £108.3m and will have to transfer £4.1m from reserves to pay a maintained dividend.

In addition to the writedowns on the profit and loss account, Thorn's reserves were reduced to £236.6m, against £390m, at the year end after allowing for £131.5m of goodwill on acquisitions and £17.8m for currency realignments.

"While many businesses within the company made encouraging progress during the year, the overall results were unsatisfactory," he said and added that the first half of the current year would produce disappointing results.

Although the City had braced itself for the latest blow to confidence in the electronics and electricals sector, Thorn's shares were marked down 28p yesterday to 316p—considerably adrift of the year's high of 484p.

Thorn's profit and loss account had to absorb £13m of exceptional items, relating to Ferguson's restructuring, and £27.4m worth of extraordinaries which mainly stemmed from the Inmos subsidiary. This left attributable profits lower at £33.3m against £87.5m.

Sir Graham, yesterday, however, tried to alleviate fears of any further large writedowns. "We think we have bitten the bullet on the major problems. We think we have identified our major problems and think we have made appropriate and adequate provision in these figures.

"As far as I can see, there are no reasons why we should make additional large provisions against problems we know about. There may be small items but we do not envisage large exceptional items," he said.

Asked about possible disposals, he said he expected the company to keep all its major businesses. "If someone comes along with an offer we will have a look but we have no plans for active disposals.

"There will be a certain amount of regrouping. We think we can get the businesses back into proper profitability," he said.

Commenting on 1984-85, he said that an improved performance was achieved in lighting, screen entertainment and rental and a number of other operating units but Ferguson, Inmos and music all experienced costly problems.

Difficult market conditions in consumer electronics, largely due to over-capacity in the UK television manufacturing industry, necessitated a far-reaching programme of action at Ferguson. This would enable the business to achieve a more acceptable performance in the future and provide a profitable television manufacturing presence in the UK, he said.

In the months immediately following acquisition Inmos earned a profit, but since the beginning of 1985 it has been under "severe pressure" due to worldwide over-supply in a major product sector.

This has been aggravated by technical problems in the manufacturing process, some of which are now known to predate acquisition. "I believe these problems have been resolved. New products are being introduced, but it will be some time before Inmos can be expected to make a satisfactory return."

While music achieved improved results outside North America, Capitol's operations were adversely affected by an imbalance in the roster of available artists. Efforts were continuing to improve this situation, including major investment in a new label based in New York which should provide a sound return in future years.

Total turnover was up from £2.82bn to £3.2bn but operating profits fell to £163.8m, against £178.3m, and the taxable result was further depressed by the exceptional item and higher finance charges of £50.4m compared with £32.8m.

The problems of Ferguson, Inmos and music have continued to have an adverse effect on trading in the first quarter of the current year which combined with the seasonal pattern of the company's profits, will lead to disappointing results for the first half of the year, although prospects for the second half are more hopeful.

Expanding on the current half year, Sir Peter said: "We have identified these quite serious problems at Inmos, Ferguson and to some extent music but problems do not stop suddenly on March 31.

"The trend of the market place did not change in the first three months of this year. As soon as we can see some pick-up in the market place we are in a position to take advantage."

Cash, he said, would be somewhat tight this year but there was "significant room for improvement in terms of cash control."

In maintaining the 1984-85 dividend total at 17.5p through an unchanged final of 12.5p, he pointed out that "the business is sufficiently strong that a cut in the dividend did not cross our minds."

It will absorb £37.4m, requiring a total of £4.1m to be transferred from reserves to provide cover.

Sir Graham Wilkins, chairman . . . the overall results were disappointing but we think we have bitten the bullet on the major problems

See Lex

Bridgend Processes is confident after upheaval

IN A year of major change, Bridgend Processes saw its original business showing the first pre-tax profit in many years and turnover increasing by 13 times.

As expected after an interim profit of £10,000 the security division showed a pre-tax profit of £50,000. However that was more than offset by substantial loses in the newly-acquired H. Woodward and Son, automotive distributors.

For 1984 the new group incurred a loss of £168,000, pre-tax, on turnover of £22.76m. The dividend is again passed. The last payment was made in 1973.

The figures were prepared on the basis of merger accounting principles and include 12 months for the original Bridgend group and 15 months for H. Woodward. The directors say that as additional losses and tax relief for Woodward could not be allocated to an accounting period it was impossible to produce meaningful comparative figures for the previous year for Woodward and Bridgend.

In 1983 Bridgend reported a loss of £76,000 on turnover of £1.77m.

During the period under review the security division was developed and became one of the major suppliers of security systems and alarms in the UK, the directors say. Margins increased significantly with the help of funds raised following the successful rights issue in 1983, allowing improved purchasing terms to be secured while sales rose by 46 per cent.

The acquisition of Woodward tripled net assets per share and the group is in a position to generate earnings from a materially strengthened asset base.

A thorough review of Woodward's operations took place and the working capital requirements reduced by more than £500,000. The process is continuing.

Jacksons Bourne End profits improve by 7%

THE SUCCESSFUL rationalisation of its components division and the continued good results from shoe components resulted in a slight increase in trading profit for Jacksons Bourne End, despite a fall in turnover.

For the year to the end of March 1985, turnover fell by 4 per cent from £5.05m to £4.83m but trading profit rose by £4,000 to £247,000. At the pre-tax level there was an increase of 7 per cent to £435,000 (£408,000).

The final payment was maintained at an equivalent 4p, making a total dividend for the year of 6p against 5p for the previous year.

The pre-tax figure, for the Buckinghamshire-based company, which makes components for the automotive, shoe and furniture industries, was struck after the share of loss of a related company of £12,000 (nil), reorganisation costs of £90,000 (£63,000), rental income unchanged at £218,000 and net interest receivable up from £10,000 to £7[illegible]

Tax was down from £198,000 to £90,000 as a result of the effect of the changing tax rate on deferred tax balances and prior year adjustments.

There were extraordinary credits of £90,000, compared with £4,000 for the previous year, comprising the profits after tax on sales of property.

Earnings per share before extraordinary items came out at 16.2p, an increase of 64 per cent on 9.9p for 1983-84.

The directors say that the relocation of the Bourne End factory to a site on an industrial estate at High Wycombe, Buckinghamshire is progressing. The move will allow the sale of the 7.6 acre site at Bourne End, for which negotiations are continuing. The site has been revalued by the directors at £3.25m.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Fri July 5 1985						Thurs July 4	Wed July 3	Tues July 2	Year ago (approx.)	Highs and Lows Index							
												1985				Since Compilation			
	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Index No.	Index No.	Index No.	Index No.	High		Low		High		Low	
1	CAPITAL GOODS (205)	494.84	+0.8	11.37	4.55	11.08	8.31	491.10	488.72	500.29	482.95	577.15	22/1	488.72	3/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	501.85	+1.1	13.07	5.28	9.40	9.87	496.59	494.30	497.88	435.39	546.84	21/5	472.11	26/2	546.84	21/5/85	44.27	11/12/74
3	Contracting, Construction (29)	754.76	+1.5	13.28	5.46	9.72	16.49	743.51	740.84	741.21	648.30	784.35	4/6	684.17	8/3	831.89	15/3/83	71.48	2/12/74
4	Electricals (14)	1341.29	+1.4	11.70	5.48	10.82	31.50	1322.45	1347.46	1363.77	1526.43	1701.64	22/1	1322.45	4/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (38)	1237.30	+1.7	11.78	3.77	11.23	15.97	1266.12	1260.78	1326.74	1712.80	1977.60	9/1	1260.78	3/7	2049.85	13/11/84	1260.78	3/7/85
6	Mechanical Engineering (62)	285.70	+0.1	11.27	4.88	10.81	5.33	285.33	284.73	287.89	247.08	316.14	13/5	275.18	3/1	316.14	13/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	186.08	+0.6	13.35	8.29	9.38	3.97	185.04	184.76	187.12	170.23	202.50	5/6	165.08	14/1	209.74	13/3/84	49.65	6/1/75
9	Motors (16)	161.34	+0.6	13.51	5.20	9.18	3.20	160.37	159.50	160.36	125.17	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (17)	922.10	−0.6	7.57	3.63	16.00	13.40	927.89	915.03	937.20	631.82	1023.91	6/6	828.60	3/1	1023.91	6/6/85	277.55	15/1/81
21	CONSUMER GROUP (177)	649.27	+0.8	9.83	3.98	12.57	10.21	644.19	640.42	644.85	494.18	683.36	5/6	604.96	3/1	683.36	5/6/85	61.41	13/12/74
22	Brewers and Distillers (23)	614.27	+1.1	11.23	4.55	11.07	8.38	607.56	606.46	603.79	521.78	617.38	4/6	550.86	3/1	617.38	4/6/85	69.47	13/12/74
25	Food Manufacturing (21)	499.73	+1.4	12.00	4.82	10.57	11.49	492.78	492.69	494.99	372.16	513.86	12/3	473.30	3/1	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (14)	1522.45	+1.9	5.76	2.74	23.01	12.87	1494.50	1495.04	1516.27	1123.60	1662.70	5/6	1400.34	1/3	1662.70	5/6/85	54.25	11/12/74
27	Health and Household Products (9)	1031.75	+0.1	6.51	2.87	18.01	10.89	1030.47	1016.44	1030.79	796.95	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (22)	613.60	−1.5	9.66	5.32	13.54	13.45	622.92	617.73	632.56	588.93	719.49	22/1	613.60	3/7	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1715.27	+0.7	7.75	4.47	16.65	35.22	1703.32	1709.10	1720.83	1323.53	1825.11	5/6	1445.15	3/1	1825.11	5/6/85	55.08	6/1/75
33	Packaging and Paper (13)	331.80	+1.2	10.67	4.48	11.11	6.10	328.02	325.65	325.56	228.63	344.58	12/6	286.34	3/1	344.58	12/6/85	43.46	6/1/75
34	Stores (42)	624.41	+1.2	8.00	3.42	16.92	9.27	617.06	612.31	616.14	422.18	660.85	5/6	529.47	19/2	660.85	5/6/85	52.63	6/1/75
35	Textiles (18)	329.86	+0.7	14.41	4.81	7.87	6.41	327.45	327.69	329.67	261.24	341.97	11/3	293.07	3/1	341.97	11/3/85	62.66	11/12/74
36	Tobaccos (3)	849.45	−0.2	17.47	5.05	6.42	17.44	851.52	842.23	842.23	638.74	1010.69	8/2	820.03	31/5	1010.69	0/2/85	94.34	13/6/62
41	OTHER GROUPS (101)	653.74	+0.9	9.83	4.28	12.91	10.96	647.65	646.28	652.97	431.50	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (19)	722.82	+0.1	14.33	5.11	8.62	15.37	722.25	721.22	728.13	568.64	832.26	22/2	710.88	3/1	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	170.13	+1.8	7.74	4.94	16.02	3.58	167.12	168.84	172.01	122.80	190.38	11/3	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1109.16	+2.7	8.61	4.74	14.55	25.43	1079.84	1075.79	1075.28	822.68	1201.81	23/5	958.08	3/1	1201.81	23/5/85	90.80	29/6/62
46	Miscellaneous (64)	812.66	+0.9	7.70	3.86	15.83	10.13	805.46	802.56	807.84	603.78	899.77	3/6	790.22	27/6	899.77	3/6/85	60.39	6/7/75
48	Telephone Networks (2)	804.08	+1.1	9.30	4.04	14.36	13.20	795.25	793.74	805.76	0.0	932.01	15/5	701.92	3/1	932.01	15/5/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	616.61	+0.8	10.20	4.20	12.26	10.03	611.58	608.76	616.01	486.11	666.95	4/6	599.75	3/1	666.95	4/6/85	59.01	13/12/74
51	Oils (17)	1138.40	+0.7	16.40	7.32	7.50	38.38	1130.22	1123.81	1140.24	1037.53	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	660.26	+0.8	11.04	4.62	11.29	12.31	654.96	651.85	659.85	532.34	707.87	5/6	636.98	3/1	707.87	5/6/85	63.49	13/12/74
61	FINANCIAL GROUP (115)	471.83	+1.0	—	5.31	—	9.83	467.12	460.86	460.35	571.95	478.74	15/5	430.10	4/1	478.74	15/5/85	55.88	13/12/74
62	Banks (6)	497.81	+1.6	15.54	6.98	9.19	11.71	490.18	478.14	472.42	353.91	497.81	5/7	420.58	15/4	497.81	3/7/85	62.44	12/12/74
65	Insurance (Life) (9)	732.38	+1.9	—	4.43	—	14.71	710.82	718.53	723.16	477.99	770.78	11/6	580.95	4/1	770.78	11/6/85	44.88	2/1/75
66	Insurance (Composite) (7)	365.32	+0.8	—	5.34	—	8.53	362.45	352.69	353.68	281.19	369.61	19/6	303.16	25/2	369.61	19/6/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1044.07	+0.2	8.99	3.97	14.87	20.10	1041.80	1027.48	1034.61	809.23	1248.70	15/3	1011.88	4/1	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	226.31	—	—	4.87	—	4.92	226.31	226.25	226.20	202.82	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	598.51	+8.4	6.23	3.88	21.52	8.46	596.05	597.19	600.03	570.75	653.36	13/5	591.92	28/6	653.36	13/5/85	56.01	20/4/65
70	Other Financial (25)	270.65	+0.4	9.06	6.00	13.48	6.88	269.54	265.70	263.73	238.05	296.92	6/2	261.35	28/6	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (107)	571.85	+0.6	—	3.63	—	8.89	568.48	567.55	566.82	477.19	635.62	7/3	564.72	3/1	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (3)	270.35	+1.0	12.01	5.67	9.66	5.29	265.52	262.37	264.62	259.89	311.08	15/4	262.37	3/7	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (15)	631.80	+0.6	12.12	6.29	9.92	20.51	627.80	628.47	633.23	518.06	687.15	22/1	618.22	3/1	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (740)	607.21	+0.8	—	4.72	—	11.52	602.13	598.52	604.24	490.39	644.21	3/6	581.88	3/1	644.21	3/6/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	July 4	July 3	July 2	July 1	June 28	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1260.8	+10.9	1266.8	1258.5	1249.1	1239.3	1250.8	1246.8	1234.9	1042.3	1342.4	15/5	1206.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri July 5	Day's change %	Thurs July 4	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.00	+0.17	117.80	—	5.92
2	5-15 years	130.16	+0.56	129.44	—	7.34
3	Over 15 years	135.86	+0.56	135.11	—	6.87
4	Irredeemables	147.37	—	147.37	—	7.27
5	All stocks	128.50	+0.41	127.97	—	6.84
6	Debentures & Loans	109.52	+0.12	109.40	—	6.08
7	Preference	80.00	+0.48	79.62	—	3.44
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.67	−0.01	110.68	—	1.34

	AVERAGE GROSS REDEMPTION YIELDS		Fri July 5	Thurs July 4	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	10.21	10.25	11.24	11.56	28/1	10.21	5/7
2	Coupons	15 years	10.48	10.56	11.28	11.20	28/1	10.47	9/1
3		25 years	10.16	10.21	10.68	10.72	29/1	10.03	2/1
4	Medium	5 years	11.28	11.35	12.27	12.39	28/1	11.14	9/1
5	Coupons	15 years	10.79	10.87	11.70	11.63	28/1	10.79	18/4
6		25 years	10.34	10.38	11.11	10.97	29/1	10.29	15/4
7	High	5 years	11.35	11.43	12.27	12.53	28/1	11.30	9/1
8	Coupons	15 years	10.97	11.04	11.88	11.76	28/1	10.94	18/4
9		25 years	10.53	10.57	11.10	11.09	29/1	10.36	9/1
10	Irredeemables†		9.98	9.97	10.52	10.49	28/1	9.90	31/12
11	Debs &	5 years	11.87	11.91	12.52	12.63	29/1	11.73	2/1
12	Loans	15 years	11.70	11.73	12.75	12.37	29/1	11.65	19/6
13		25 years	11.54	11.55	12.80	12.37	29/1	11.47	19/4
14	Preference†		12.34	12.40	13.10	13.14	29/1	12.34	5/7
15	Inflation rate	5%	3.64	3.63	3.79	3.66	20/6	3.11	11/3
16		10%	3.45	3.45	3.61	3.46	1/7	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: British American and General Trust (71) has been deleted and replaced by British Empire and General Trust (71). Shires Investment Trust (71) has been inserted with no deletion. Carr (John) (2) has been deleted and replaced by IBL (5). Haden (6) has been deleted and replaced by Salvesen (C.) (25). NAME CHANGE: Perry (Harold) Motors has changed its name to Perry Group.

Howden and Alldays acquisition talks end

The provisional agreement announced on May 24 that Howden Airdynamics, a member of Howden Group, would acquire Alldays Peacock, Mitchell Colts Birmingham fan company, has not resulted in a final contract, and both parties have agreed to end negotiations.

Investigations into the viability of merging Alldays with Howden's fan company, Carter Howden, have shown that in the present market conditions the anticipated financial benefits would not be realised.

Isotron striking price

The striking price of the offer for sale by tender of 3.29m shares in Isotron has been set 3p above the minimum at 123p.

There were applications from the public at or above the striking price for a total of 4,015,500 shares. Those applications for up to 1,000 shares have been allotted in full and applications for over 1,000 shares have been allocated approximately 81 per cent.

Fifteen employees applied for a total of 8,170 shares at, or above the striking price on preferential application forms.

In addition Mr Christopher Thompson, a director, has been allocated 10,000 shares at the striking price.

William Mowat

Dissident shareholders, led by property developer Mr Brian Dunlop, are hoping to oust the directors of William Mowat, the property company, at an extraordinary general meeting on Monday.

The company, which has a nominal capital of £1m, has been trading on the over-the-counter market with a share price of between 20p and 25p.

Mr Dunlop claims that the Mowat directors have been seeking the power to issue shares without shareholder approval. If his coup is successful he is expected to merge the company with his Peerglow Developments of Hertford.

He says he has the support of 40 per cent of the shareholders in seeking to unseat the chairman, Mr William Lomax, and three directors, Mr David Britton, Mr William Starkey and Mr R. J. Holland.

Minet to sell managing agency

BY JOHN MOORE, CITY CORRESPONDENT

Minet Holdings, the insurance broker, has reached agreement in principle for the sale of the Lloyd's managing agency business of its subsidiary, J. H. Minet Agencies.

Like all Lloyd's insurance brokers, Minet is required by law to sever its shareholding links with companies which manage the affairs of underwriting members at Lloyd's by mid-1987.

In the sale Minet has reached agreement with the managers of the agency to sell the business to them. The agency company currently manages four Lloyd's insurance syndicates. Motor syndicate number 887 is formed of 696 Lloyd's underwriting members and has enough capacity to accept £12.5m of insurance premium income. Syndicate number 919, which insures general or non-marine business, is formed of 499 underwriting members and has capacity to accept £14m of premium income.

Syndicate number 920, a marine syndicate, is formed of 448 underwriting members and can accept £14.8m in premiums. Syndicate number 322, another non-marine syndicate, is formed of 958 underwriting members and can accept premiums of £29m.

Arrangements have been agreed for the sale of the managing agency functions of syndicates 887, 920 and 919 to Mr G. J. Butts, Mr G. C. F. Palmer, and Mr D. T. Carey, the professional underwriters for the three syndicates. This will take effect from January 1 next year.

Arrangements have been agreed for the sale of the managing agency functions of syndicate 322 to R. D. Robertson Underwriting Agencies with effect from January next year. Mr Robertson, the founder of the Robertson agency, is the professional underwriter for syndicate 322.

J. H. Minet Agencies also acts as a members' agent for over 400 members of Lloyd's and in this capacity introduces the members to a range of insurance syndicates. Outline agreement has been reached for the establishment of a limited company to acquire the members' agency business of J. H. Minet from the beginning of next year. The majority shareholding in the new company will be Mr Butt, Mr Palmer, and Mr Carey as well as the managing director of the present agency company Mr C. L. Jackson. Mr Jackson will be managing director of the new company.

The proposed deals are subject to contract and to approval by the ruling council of Lloyd's. No price for the sale of the agencies has been disclosed.

The latest move follows Minet's decision in the last few weeks to close down its stricken Richard Beckett Underwriting Agencies company by the end of the year. Management of the 1,525 underwriting members' affairs who are facing £130m of losses is being taken over by an independent company set up by Lloyd's—Additional Underwriting Agencies No 3.

COMPANY NEWS IN BRIEF

SMITH & NEPHEW ASSOCIATED COMPANIES has reached agreement to purchase Vulco Latex Industries, which is based in Johannesburg, South Africa. Vulco, a manufacturer of rubber latex products, has sales of some £4m and employs 260 people.

LOW AND BONAR, the packaging, engineering, textiles and travel group has acquired a 7.3 per cent stake in Cole Group the plastics manufacturer which is fighting off a £6m bid from Hartons Group, a USM-quoted distributor of plastic and consumer products and a £5.5m bid from Robert Moss. It was not immediately clear what was the intention of Low and Bonar. Yesterday Cole shares closed 8p higher at 218p. Hartons was down 1p to 51p and Moss was unchanged at 98p.

SANGERS PHOTOGRAPHIC's profits for the first quarter had been up to budget levels, Mr Richard Branston, the chairman said at the annual meeting. However, May and June had produced exceptional wet and dull weather, which had adversely affected the entire photographic trade. The fall in demand, he said, made it difficult in the first half for the company to achieve last year's record level.

HUNTER SAPHIR's subsidiary Hunter Produce has signed an agreement to become managing agents to Moss Growers, a Lancashire co-operative of nine growers covering some 1,000 acres, Mr Joe Saphir, the chairman, told shareholders at the annual meeting. With regard to Hunter Distribution, working practices at the newly-acquired Storefresh depot had been brought into line with company practice, and the benefits should begin to show through in the second half. Mr Joe Saphir will retire as chairman after the 1986 annual meeting, and Mr Nicholas Saphir will replace him.

A. & C. BLACK has disposed of the goodwill and publishing rights of British Trades Alphabet, a division of the group's principal publishing subsidiary, to Shaws Price Guides for £155,500 cash. British Trades is in the field of sponsored books and study cards for distribution in schools and contributed £35,500 to group operating profit in 1984, the directors say.

BANK RETURN

BANKING DEPARTMENT	Wednesday July 3 1985	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	5,201,825,357	+ 238,351,530
Bankers Deposits	816,761,204	− 12,840,492
Reserve and other Accounts	1,516,953,663	− 4,535,111
	7,550,093,224	+ 221,135,927
ASSETS		
Government Securities	620,791,381	− 23,955,000
Advance & other Accounts	751,585,014	− 36,652,046
Premises Equipment & other Secs.	6,384,707,261	+ 275,283,325
Notes	12,733,677	+ 6,382,808
Coin	075,801	+ 76,780
	7,550,093,224	+ 221,135,927

ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes in circulation	12,237,266,323	+ 63,617,192
Notes in Banking Department	12,733,677	+ 6,382,808
	12,250,000,000	+ 60,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	2,465,927,811	+ 283,364,830
Other Securities	9,673,057,089	− 223,364,838
	12,250,000,000	+ 60,000,000

Hong Kong's Dragon prepares to take flight to Peking

BY PATRICK SMITH IN HONG KONG

"THE DRAGON is ready," Mr Stephen Miller proclaimed in Hong Kong this week. The occasion was the official debut od Dragonair, of which Mr Miller is chief executive, as the territory's "first locally formed international airline."

With strong backing from China, Dragonair intends to exploit the exploding demand for flights from Hong Kong to mainland destinations — a strategy that will place it in direct competition with Cathay Pacific, which has long been viewed as the territory's unofficial flag carrier.

Dragonair, set up little more than a month ago, confirmed that it expects to receive an operating licence from Hong Kong's Civil Aviation Department within the next few weeks.

Mr Chao Koang Pin, Dragonair's chairman, said he had completed a round of negotiations with senior officials of the Civil Aviation Administration of China late last month and was "greatly encouraged." Dragonair's only aircraft, a second-hand Boeing 737-200 which arrived on June 19, is therefore expected to be in the air by the end of July, airline officials said. The first flight is to be a charter run either to Peking or to Shanghai.

Mr Miller said the aircraft was expected to be kept aloft for seven hours or more daily—which is considered a minimum in the industry to remain profitable in commercial passenger business. This implies at least one return trip a day to Peking—a three-hour flight each way—and probably a daily run to Shanghai.

Dragonair has recruited mainly British flight officers. But one of their tasks, it was stressed, would be to train local pilots in order to accommodate the anticipated expansion of its services.

Mr Chao has encountered a turbulent reaction, however, to his insistence that Dragonair was "formed, owned and managed by Hong Kong people."

The Hongkong Macau International Investment Company, which owns Dragonair, does list a number of prominent Hong Kong business figures among its shareholders—including Sir Y. K. Pao, the shipping magnate, and Mr Li Ka-shing, the territory's leading property developer. But until recently Bank of China, China Resources and China Merchant Steam Navigation—all mainland concerns—together had a 40 per cent interest in the holding company.

The latter two companies are still listed as shareholders. So is Mr Ma Man Kee, a Macao businessman who often acts as Peking's unofficial representative there. Bank of China has sold its 20 per cent interest, Mr Chao said, to China Cheer Investment, the shareholders in which Mr Chao said he could not identify.

In addition Mr Chao appears to count both China Resources and China Steam as Hong Kong companies, since they are formally incorporated in the territory.

Despite the muddle, it is clear that China's ties to the company remain strong — a factor that could well give Dragonair an advantage in competing with Cathay for new routes into China. In the Sino-British agreement on Hong Kong's future, Peking retained the right to control the air traffic rights of Hong Kong carriers for services into China.

Dragonair officials acknowledge privately that the sole reason behind classifying the airline's flights as charters was to circumvent quotas on scheduled flights included in bilateral air service agreements.

Cathay is meanwhile to start a weekly charter to Peking next week and will add a flight to its Shanghai services—both of which have been permitted to offset increased services to Hong Kong by CAAC, China's state airline operator.

NYSE challenges hospital deal

BY WILLIAM HALL IN NEW YORK

AMERICAN Hospital Supply's planned merger with Hospital Corporation of America (HCA) has run into further problems, this time with the New York Stock Exchange (NYSE) which has led to growing speculation on Wall Street that the agreed $6.6bn merger will be aborted.

The two companies have been advised by the NYSE that the provision in the combination agreement between HCA and American for an exchange of shares without shareholder approval does not conform with NYSE rules as interpreted by the NYSE staff. As a result, the NYSE is commencing delisting proceedings for the shares of both companies.

American Hospital and HCA says that they will appeal the delisting action. Consequently the NYSE says that it will take no further action to delist the stock of either company until a committee appointed by the NYSE completes an overall review of existing NYSE shareholder approval policies. This will take several months. Several other companies have similar appeals pending with the NYSE which is threatening to delist their securities for alleged infringement of stock exchange rules.

The financial advisers of both companies have said that if trading in both companies' shares was to be transferred from the NYSE to the Nasdaq over-the-counter market, it "would not have a material adverse effect on the liquidity and market value" of the securities of either company. They add that if the securities were to be transferred to another exchange it would not affect shareholders' ability to buy and sell shares, or the companies' ability to raise capital.

The two companies say that they were well aware of the potential NYSE listing issue when they announced the merger, but both concluded that it was in its best interest to include the share exchange provision.

The NYSE move is the latest blow to the planned merger which values American Hospital shares at $35, and since Baxter Travenol has made a $50 a share offer for American Hospital, it looks increasingly unlikely that American Hospital will be able to win shareholder approval for the HCA deal.

Shareholders of the two companies were scheduled to vote on the merger on July 3, but the two meetings have been adjourned and no future date has yet been set.

Two Carolina banks to merge

BY TERRY DODSWORTH IN NEW YORK

THE NCNB banking group of North Carolina, the largest bank in the south-east of the U.S., is to merge with Bankers Trust of South Carolina in the third large-scale interstate transaction to be concluded within the past three weeks.

The deal, valued at $307m, involves the acquisition of the South Carolina group at $33.15 a share in cash, and 0.41 shares of NCNB stock for each of Bankers Trust's shares. With NCNB's shares on the New York stock exchange quoted around $4 this gives a total per share value for the offer of $51.

Banks in the south-east of the U.S. are currently scrambling to form interstate alliances following a supreme court judgment which favoured regional amalgamations rather than national banking networks. Several states in the south-east have passed laws which open up their individual banking systems to banks in contiguous states on a reciprocal basis.

NCNB, based in Charlotte, was the 25th largest bank in the U.S. last year, with assets of $15.7bn. The merger with the South Carolina bank will push its assets up to around $17.5bn, maintaining its lead in terms of size over the two other recently-announced groups.

Manufacturers Hanover cuts workforce

BY OUR NEW YORK STAFF

MANUFACTURERS Hanover, the fourth biggest U.S. bank, is cutting 1,745 jobs from its worldwide workforce and has frozen new hirings in a bid to control the growth in its overhead expenses.

The group says that the job reductions, equivalent to 6 per cent of its staff, will come from normal turnover and will not involve any forced redundancies. In a normal year around 3,000 jobs have to be filled at the group.

Over the last five years the group's non-interest operating expenses have nearly doubled to $1.7bn a year, while net income has risen by only 54 per cent and assets by slightly over one-third.

The staff reductions will be concentrated in Manufacturers Hanover Trust, the main banking subsidiary, and follow a reduction of about 1,000 jobs in the group's retail banking workforce which has taken place over the last year and a half.

The latest staff reductions, which are expected to lead to savings of over $30m a year in operating expenses, follow a review by Coopers and Lybrand, the big accounting firm.

Ottawa pays U.S.$297m of Canadair debt

By Bernard Simon in Toronto

THE CANADIAN Government has used US$297.5m (C$404.6m) of its foreign reserves to repay part of the long-term debt accumulated by Canadair, the state-owned aircraft manufacturer.

The repayment will have no direct impact on the balance sheet of the Montreal-based company, which the Government has put up for sale to private investors. Under a financial restructuring in March 1984, Canadair's business assets and current liabilities were transferred to a new company, leaving the original Canadair, renamed Canadair Financial, with C$1.1bn in debt, plus accrued interest and deferred charges.

The Government has assumed responsibility for the bulk of Canadair Financial's debt. Repayments are scheduled to be completed in 1992.

Canadair recently received the final instalment of funds owed to it by Canadair Financial. The aircraft manufacturer posted C$2.3m profit in the three months to March 31, compared with a loss of C$11.4m a year earlier. Its long-term debt totalled C$14.5m at end-March 1985.

Brierley to sell stake in Emco

BRIERLEY Investments, Mr Ron Brierley's New Zealand master company, has agreed to sell its 40 per cent holding in Emco, a car assembly group, to Steel and Tube Holdings, Reuter reports from Wellington.

Mr Bruce Hancox, chief executive of Brierley, said the cash offer from Steel and Tube represented a return which would have taken some years to earn in the investment. He did not, however, disclose the price of the deal.

The decision was also influenced by conflict between newly appointed Brierley nominees to the Emco board and existing directors, he added.

The deal, he added, also included the transfer to Brierley of a 10.6 per cent shareholding in Consolidated Metal Industries, acquired recently by Steel and Tube. The transfer boosts BIL's holding in Consolidated Metal to 60.6 per cent.

In April Brierley bid for full control of Emco but stopped two days later at 40 per cent in the face of a counter-bid by Steel and Tube.

Voest-Alpine results hit by losses of U.S. unit

BY PATRICK BLUM IN VIENNA

VOEST-ALPINE, Austria's state-owned steel, engineering, electronics and trading group, almost doubled its turnover last year but showed only slightly reduced losses, according to annual figures released yesterday.

Consolidated turnover rose by almost 90 per cent from Sch 104bn ($4.8bn) to Sch 194.2bn last year, while group losses fell from Sch 2.58bn to Sch 2.4bn.

Voest-Alpine AG, the parent company, showed a net improvement, cutting its losses by about two-thirds from Sch 1.9bn in 1983 to Sch 725m ($33.7m) last year. Herr Heribert Apfalter, group president, said yesterday he was pleased with the fall in the parent company's losses, but added that the group's results had been adversely affected by unfortunate developments in some of its foreign participation.

These include Bayou Steel Corporation of the U.S. which cost the group Sch 1.76bn last year just to cover losses and depreciation. Herr Apfalter said he expected improvements in the U.S. company's performance this year.

The group losses do not include those made by Vereinigte Edelstahlwerke (VEW), Voest's troubled special steels subsidiary. Although it is fully owned by Voest, VEW accounted separately from the group's annual report. Last year VEW recorded losses of Sch 1.95bn, but this was a marked improvement on the previous year's losses of Sch 2.35bn. VEW's losses in the past two years were made good by Sch 4.1bn in subsidiaries from OIAG, the state holding company for the nationalised industries. The company says it expects a further reduction in losses this year.

The group's sharp increase in turnover is almost entirely due to a dramatic expansion in the turnover of Voest-Alpine Intertrading (VAIT), a fully owned subsidiary. VAIT was established in 1978 to handle counter trade deals for group companies but this now represents only a small proportion of its business. It has grown into a major international trading house and last year its foreign trade turnover was Sch 124.4bn, almost four times the Sch 32.2bn turnover for 1983. Trading in oil accounted for about 83 per cent of its business.

Foreign exchange dealing lifts Gotthard Bank profit

BY JOHN WICKS IN ZURICH

GOTTHARD BANK, of Lugano, reports "gratifying" profits for the first half of this year, with earnings before depreciation and provisions up by over 15 per cent on the unspecified figure for the same period of 1984.

This increase is attributed primarily to good results in foreign exchange dealing and capital market underwriting activities, with a simultaneous favourable development in interest margins. Costs developed within budgeted limits.

The bank's balance sheet total increased by 6.9 per cent during the first half to stand at SwFr 4.43bn ($1.74bn).

An EGM is to be held on July 18 to decide on the issue of up to 59,000 participation certificates. These non-voting shares would be issued at conditions yet to be announced, exclusive of drawing rights and would back a public warrant loan planned for September.

The board announces the successful outcome of the placing of shares on the European market through a consortium led by Swiss Bank Corporation International, the total placement having been raised from 50,000 to 65,000 shares. The transaction does not affect the majority stake held by Sumitomo Bank.

Wheelock Maritime in liquidation

WHEELOCK MARITIME International, the lossmaking Hong Kong shipping group, is to put itself into liquidation, writes our Financial Staff.

The move follows its warning in March that it was in a "critical financial position," and the subsequent acquisition of a 50 per cent stake by Sir Yue-Kong Pao's Hongkong and Kowloon Wharf.

Wheelock Maritime said it intended to appoint Ernst and Whinney as liquidators. Its shares, suspended at the time of the March announcement, were last traded at HK$1.10.

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
B.P. (*530)	460	75	88	—	1	2	—
	500	34	48	65	4	17	25
	550	6	23	38	25	32	45
	600	1	11	20	77	77	85
Cons. Gold (*509)	460	52	57	—	8	8	—
	500	18	52	50	12	25	50
	550	4	18	30	32	65	55
	600	1	5	12	100	102	102
Courtaulds (*144)	130	15	22	25	1½	4	5
	140	7	15	19	5	7	9
	160	1	6	10	16	19	20
Com. Union (*214)	180	36	40	—	1½	4	—
	200	17	27	35	5	8	12
	220	6	17	25	12	14	20
	240	2	9	15	32	50	52
G.E.C. (*152)	160	2	15	22	7	6	11
	180	6	8	13	20	28	32
	200	1	2	5	40	40	40
	220	1	1	—	50	50	—
Grand Met. (*288)	280	25	30	38	3	8	10
	300	7	17	25	10	18	20
	330	2	7	14	35	57	40
I.C.I. (*752)	700	62	80	94	5	8	15
	750	15	42	57	15	50	40
	800	4	18	32	50	64	74
Land Sec. (*288)	260	14	24	30	5	8	11
	280	4	14	19	13	15	18
	300	1½	7	11	32	33	35
Marks & Sp. (*134)	120	16	29	—	1½	3	—
	130	5	17	22	4	5	7
	140	1½	9	14	8	14	15
	160	1	5	8	28	51	32
Shell Trans. (*703)	600	108	—	—	2	—	—
	650	58	75	83	4	12	15
	700	17	40	53	17	25	30
	750	5	17	32	52	67	52
Traf'gar Hse (*336)	325	16	31	—	4	8	—
	350	—	—	55	—	—	15
	355	7	15	—	12	21	—
	360	—	—	20	—	—	31

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
BAT Inds. (*323)	300	33	43	60	5	2	14
	330	14	23	30	17	22	50
	350	4	8	—	40	45	—
	390	2	3	—	70	72	—
Barclays (*407)	355	60	87	—	2	4	—
	360	—	—	73	—	—	9
	385	40	47	—	13	18	—
	390	—	—	52	—	—	25
	435	6	14	—	37	48	—
Brit. Aero (*345)	330	30	42	52	6	13	18
	360	12	23	35	17	25	30
	390	5	11	18	45	47	50
	420	1	4	8	75	75	75
	460	1	1	—	115	115	—
Bt. Telecom (*170)	130	44	—	—	0½	—	—
	140	34	—	—	1	—	—
	150	24	—	—	1	—	—
	160	16	26	31	3	6	8
	170	10	19	—	6½	9	—
	180	5	13	21	12	15	16
	200	1	8	12	30	30	30
	220	1	3	6	50	50	50
Imperial Gp. (*186)	160	30	—	—	2½	—	—
	180	14	19	24	5	9	10
	200	6	10	14	15	20	21
	220	2½	4	—	33	37	—
LASMO (*268)	240	43	52	65	5½	8	13
	260	26	35	45	11	17	23
	280	12	22	35	18	28	33
	285	5	12	—	35	35	—
	300	—	—	17	—	—	48

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*158)	160	12	18	21	5½	6½	8½
	180	3	7½	12	15	18	20
	200	1	—	—	34	—	—
P. & O. (*358)	300	65	—	—	2	—	—
	330	36	47	65	3	9	12
	360	17	30	40	17	23	25
	390	6	14	25	35	35	55
Racal (*155)	120	24	52	58	3	4	6
	130	16	22	28	6	8	11
	140	7	15	22	11	14	16
	160	3	7	13	26	26	28
R.T.Z. (*572)	550	37	55	65	10	16	25
	600	17	30	38	37	45	57
	650	4	14	—	82	85	—
Vaal Reefs (*$27)	80	9½	15	15½	2½	5½	7¼
	90	4	7½	9½	8	11½	13½
	100	2	4¼	5½	15½	18	19
	110	0½	1½	—	24½	26	—
Ex 10% 1989 (*£85)	90	[illegible]	—	—	[illegible]	—	—
	92	[illegible]	[illegible]	—	[illegible]	[illegible]	—
	94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1
	98	[illegible]	—	—	[illegible]	—	—
Tr. 11¾% 03-07 (*£108)	106	5½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	108	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Sept.	Calls Dec.	Calls Mar.	Puts Sept.	Puts Dec.	Puts Mar.
BTR (*345)	325	52	40	—	2	10	—
	330	—	—	42	—	—	12
	350	17	27	—	22	22	—
	360	—	—	23	—	—	33
Beecham (*320)	300	35	32	45	6	8	13
	330	17	22	25	16	20	27
	360	7	11	—	45	45	—
	390	5	5	—	75	75	—
Bass (*542)	500	65	75	83	8	11	16
	550	22	32	45	23	30	37
	600	9	17	—	62	65	—
De Beers (*$5.50)	460	98	105	—	15	22	—
	500	55	70	85	25	40	30
	550	25	57	55	55	72	83
GKN (*235)	180	62	—	—	2	—	—
	200	42	48	54	3	4	6
	220	25	32	40	6	9	10
	240	11	19	25	12	16	18
Glaxo (*1243)	1200	85	110	135	25	35	46
	1300	40	55	70	60	75	85
Hanson (*188)	180	—	26	32	—	10	12
	182	19	—	—	5	—	—
	195	10	18	—	13	18	—
	200	—	—	19	—	—	25
Jaguar (*270)	260	25	33	39	2	16	20
	280	13	25	29	23	26	30
	300	6	15	—	34	38	—
	330	5	8	—	64	55	—
Tesco (*246)	235	20	25	—	7	12	—
	255	9	17	—	20	25	—
	280	2	6	—	32	40	—
F/$ (*132.81 cts)	120	13.00	13.70	14.50	0.90	2.50	4.20
	125	8.40	10.00	11.00	1.80	4.20	6.20
	130	5.40	7.10	8.40	3.70	6.20	8.65
	135	3.00	5.00	6.10	6.40	9.50	11.45
$/DM (*53.15 cts)	52	1.65	2.10	2.55	0.50	0.80	1.05
	53	1.02	1.60	2.10	0.80	1.35	1.50
	54	0.60	1.25	1.65	1.45	1.80	2.00

Option		Calls Jly	Calls Aug	Calls Sep	Calls Dec	Puts Jly	Puts Aug	Puts Sep	Puts Dec
FT-SE Index (*1259)	1200	—	—	84	—	—	—	17	—
	1225	42	52	—	—	6	15	—	—
	1250	23	35	42	63	12	25	37	47
	1275	5	15	—	—	28	37	—	—
	1300	—	—	20	38	—	—	62	60
	1350	—	—	7	18	—	—	100	105

July 5 Total contracts 6,967. Calls 4,893. Puts 2,074
* Underlying security price

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	2	18.50	—	—	—	—	$312
GOLD C	$320	1	5.50	11	15	20	22	
GOLD C	$340	4	2	10	4.50	[illegible]	[illegible]	
GOLD P	$300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD P	$340	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
		Sept.		Dec.		March		
SILVER C	$5.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$595
SILVER C	$6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
SILVER P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
$/FL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl.340.50
$/FL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
£/$ C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$132.50
£/$ P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
		Jul.		Oct.		Jan.		
ABN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl.471.50
AEGN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
AH C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
AKZO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
AKZO P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
AMRO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GIST C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HEIN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HOOG C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
NEDL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
NATN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
PHIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
PHIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ROBE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

TOTAL VOLUME IN CONTRACTS: 51,283
A=Ask B=Bid C=Call P=Put

JAPANESE RESULTS

AJINOMOTO Seasonings, chemicals		
Year to	Mar '85 ¥	Mar '84 ¥
Revenues (bn)	511	482
Pre-tax profits (bn)	34.71	31.83
Net profits (bn)	15.03	13.05
Net per share	32.30	31.34
Consolidated		
MITSUI MINING AND SMELTING Metal refining		
Year to	Mar '85 ¥	Mar '84 ¥
Revenues (bn)	312	311
Pre-tax profits (bn)	7.75	4.01
Net profits (bn)	3.14	2.27
Net per share	10.56	4.68
Consolidated		
NEC Electronics		
Year to	Mar '85 ¥	Mar '84 ¥
Revenues (bn)	2,255	1,762
Pre-tax profits (bn)	130.53	86.31
Net profits (bn)	67.14	44.57
Net per share	46.97	35.85
Consolidated		

New chairman for Allied Arab Bank

ALLIED ARAB BANK has appointed as chairman Dr Abd Elaziz Mohammed Hegazy. He is a former Minister of Finance, former Deputy Prime Minister of Economy and Foreign Trade and former Prime Minister of Egypt as well as a visiting professor of Cairo University and chairman of the Bank of Commerce and Development. Allied Arab's former chairman, Mr Sobih Roushdi, has resigned to devote more time to his personal business interests.

★

Mr R. A. (Rod) Kyle has been appointed manager, division business development of BECHTEL in London with responsibility for sales activities in Europe, Africa, the Middle East and the sub-continent of Asia. He takes over from Mr E. V. (Gene) Moriarty, who has returned to the U.S.

★

ICV INFORMATION has appointed Miss Claire Stevens to the board.

★

GNI (the futures broking subsidiary of Gerrard and National has apointed Mr Anthony Norton to the board.

★

Mr Nicholas McAndrew, a managing director of N. M. Rothschild & Sons, has joined the board of GENERAL CONSOLIDATED INVESTMENT TRUST. Mr Bryan R. Basset has resigned.

★

Mr David Hiscock has been appointed managing director of HAMPSHIRE MEDICAL DEVELOPMENTS, Romsey, taking over from Mr Richard Duffin who retains the chairmanship. Mr Hiscock is the designer and together with Mr Duffin, is the inventor of the company's "Appollo" bath for the disabled and elderly infirm.

★

Mr John Parsons has been appointed to the BRITISH OVERSEAS TRADE BOARD. He is chairman and chief executive of Time and Data Systems International.

★

Mr J. B. Pearson, managing director of STEETLEY BRICK, is to retire at the end of September. He is handing over to Mr Douglas Hartley, a senior director.

★

BRAMMER has appointed to the board Mr Roy Thornhill and Mr Patrick Robson in executive capacities and Mr Fred Rollason in a non-executive role. Mr Thornhill is the chief executive of Bearing Service and Mr Robson is soon to be appointed managing director of Energy Services & Electronics, recently acquired by Brammer. Mr Rollason is chairman of Energy Services & Electronics.

★

Mr I. D. McKenzie has been appointed managing director of FONDEDILE FOUNDATIONS. Mr P. G. Scott and Mr P. J. Grunfeld become directors and Mr S. Newburgh will remain a director. Dr F. Lizzi, who has retired from the board, will continue as a consultant.

★

Mr S. J. Biltet, managing director of MINES TRADING COMPANY, has retired. Mr F. N. King, director and secretary has been appointed to his place. Mr A. A. Davison has been elected a director, and Mr C. J. R. Hayward becomes company secretary. Mines Trading Co is the London office of Asarco.

★

Mr Andrew R. Cripps has been appointed a director of TILBURY DEVELOPMENTS and Dr Peter W. J. Tallon, becomes a director of TILBURY ROADSTONE. Dr Tallon manages the planning and development affairs of the company. Both companies are members of the Tilbury Group.

★

RUSTON GAS TURBINES has made a number of appointments in order to integrate its various commercial functions. Mr P. S. Barron will assume responsibility for all commercial departments and has been appointed commercial director. He was director of product support, in which capacity he handled the complete international spares service and installation operations. Mr Barron will be assisted by a new sales director, Mr B. R. J. Sherwin, who was formerly Ruston's regional sales manager, Far East. Mr D. C. Fothergill, as regional sales director, will be responsible for sales operations in the UK and Europe, Canada, the Middle East, Africa and South America. Mr Barron's previous responsibility for product support will be taken by Mr S. A. Shaw who becomes product support manager.

★

Mr R. C. Shah, recently chairman of Export-Import Bank of India, has joined the board of EQUATORIAL TRUST CORPN as chairman and managing derector.

★

R. P. MARTIN has made the following appointments to its board: Mr D. S. S. Cheung, Mr R. J. G. Deslandes, Mr K. Marthaler, Mr M. J. Thompson, Mr M. Tietze, Mr M. Williams and Mr S. A. Wright.

Granville & Co. Limited

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Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E taxed
[illegible]	[illegible]	Ass. Brit. Ind. Ord	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Ass. Brit. Ind. CULS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Airsprung Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Armitage and Rhodes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Bardon Hill	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Bray Technologies	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	CCL Ordinary	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	CCL 11pc Conv. Pref.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Carborundum Ord	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Carborundum 7.5pc Pf	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Deborah Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Frank Horsell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Frank Horsell Pr.Ord 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Frederick Parker	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	George Blair	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Ind. Precision Castings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Isis Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Jackson Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	James Burrough	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	James Burrough 9pc Pf	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	John Howard and Co	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Linguaphone Ord	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Linguaphone 10.5pc Pf	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Minihouse Holding NV	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Robert Jenkins	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Scruttons "A"	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Torday and Carlisle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Trevian Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Unilock Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Walter Alexander	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	W. S. Yeates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prices and details of services now available on Prestel, page 48146

WORLD STOCK MARKETS

WALL STREET

Sharply up on rate cut hopes

SHARPLY and broadly higher levels developed on Wall Street yesterday aided by speculation about a possible cut to the Federal Reserve's discount rate.

By 1 pm the Dow Jones Industrial Average was up 8.74 to 1335.13, cutting its loss on the holiday-shortened week to a mere 0.83, while the NYSE All Common index, at $111.89, rose 57 cents on the day and a net 48 cents on the week. Advances led declines by a five-to-two margin, but the volume dropped 23.9m shares to 47.35m compared with 1 pm Wednesday.

Anthony Tabell of Delafield Harvey and Tabell in Princeton, New Jersey, said there is "no sign of deterioration," despite the push to record levels this year.

He noted that "1,400 on the Dow is a very small move from here and the market could do considerably better.

"The hard thing is deciding where new leadership might be," Tabell said. Consumer and interest-sensitive stocks "continue to show excellent leadership," he added.

Johnson Controls led the actives, up $¾ to $43⅜—it repurchased 1.7m shares from Victor Posner.

United Brands improved $1½ to $19¼—FMI Financial Corpn offered to purchase up to 4m shares at $20 per share. FMI said its ownership would rise to 33.7 per cent.

CBS were off $2 to $116¾ as investors considered the company's offer to buy 21 per cent of its stock for $150 per share in cash and notes.

General Foods moved up $1¼ in $81½ and Sperry Corpn rose $¾ to $53½. Both stocks have been advancing recently in response to takeover rumours.

IBM put on $¾ to $124¾, Digital Equipment $¾ to $95½ and Cray Research $1¾ to $84½.

THE AMERICAN SE Market Value index put on 0.93 to 232.21, making a rise of 1.32 on the week, but the volume dipped 604,000 shares to 3.68m compared with 1 pm Wednesday.

B.A.T. Industries led the actives, up $⅛ to $4⅜.

Closing prices for North America were not available for this edition

CANADA

Stock prices continued higher at mid-session, largely on renewed speculation of a cut in the U.S. discount rate.

The Toronto Composite index rose another 7.2 to 2,734.9 and Oil and Gas moved up 20.5 to 3222.4, but Metals and Minerals shed 3.6 to 1870.9 and Golds eased 1.8 to 3559.4.

Southam Inc halted for news pending after rising $1 to $64½ on 20,375 shares, following recent gains on rumours that Power Corp of Canada may be interested in purchasing an equity interest.

Ranger Oil which rose 70 cents on Thursday came back 15 cents to $4.75 — it reported its 54 per cent-owned gas well in the British North Sea flowed 40.4m cubic feet a day in a test.

SINGAPORE

The Stock Market plummeted across the board, reaching its lowest level in more than two years, and snapping a major support point.

The Straits Times Industrial index finished 11.24 down at 753.14 and the All Shares index fell 3.61 to 266.37. Declines overwhelmed advances 142-to-9. Turnover quickened to 9.1m (6.1m) shares.

By the midday break, the Straits Times Industrial Index dipped 7.37 to 756.81, easily brushing aside a 6-month support level at 765, and reaching its lowest level since January 1983.

"It was panic selling," one broker said. "Everybody has been waiting for the market to crack, so once the selling started, there was nothing to hold prices up."

The selling was triggered by a front-page story in the local Business Times Daily, highlighting the exposure of the Singapore branches of some foreign banks, and of the Export Credit Insurance Corp of Singapore, to the financial difficulties of U.S.-based Global Marine. On Wednesday, Global Marine suspended payments on around US$1bn of debt.

AMSTERDAM

Dutch share prices continued higher over a broad front in active trading.

Prices continue to break new 1985 records. The strength of the Dutch economy and expectations that institutional investors may extend their share capital boosted market sentiment and should push share prices even higher. No signs were seen of the usual position-taking ahead of the weekend.

Heavy demand was seen in almost all sectors and seven out of the eight bourse indices reached new record highs for this year, with the All-Share index rising 2.2 to a historical high of 221.2.

TOKYO

Share prices ended slightly weaker on balance as profit-taking spread in subdued afternoon trading after the market average passed 13,000 for the first time during the morning session.

The average gained 47.10 to a record 13,016.69 soon after the opening but finished at 12,963.35, down 6.24 from Thursday's closing record 12,969.59. Volume 620m (520m) shares.

Early firmness was spurred by speculation suggesting the Government may build a highway bridge across Tokyo Bay as a mainstay of a domestic economy-boosting package, dealers said.

While the 225-stock market average fell, the broad-based SE index still rose 1.53 to 1,037.12. Trading 17m (same) shares.

Banks and Securities firmed.

GERMANY

Late profit-taking countered an initial wave of Foreign buying, leaving most share prices higher but below the day's best levels in heavy trading.

An avalanche of purchase orders near the opening, mostly from Foreign investors, helped drive the Commerzbank index up 11.2 to 1,486.2, its third consecutive record high. The index is taken at mid-session, however, and doesn't accurately mirror later market activity.

HONG KONG

Share prices finished mixed in light trading after falling sharply earlier in the session on rumours of a corporate bankruptcy.

The Hong Kong Index finished 4.07 lower at 1,570.30. Turnover HK$196.09m (HK$320.98m).

The indicator was up about 3 points in the morning, but was down 12 points at midday after a rumour circulated that Atlas Industries, an electronics concern, was planning to go into receivership. The company denied the rumour.

Atlas's share price fell from 69 cents to as low as 30 cents, before rebounding to 48 cents at the close.

PARIS

French stocks stretched their recent decline through a third consecutive session, closing lower in moderate trading.

Brokers attributed the decline to a general lack of liquidity as investors drift away from French stocks into foreign shares and domestic bonds. Capital increases such as Peugeot's Frs 925m stock issue, and a spate of initial public offerings on the second market have also attracted funds away from the market, traders said.

AUSTRALIA

Share market closed firm on strong industrial support following the sale of more than A$121m-worth of Myer Emporium shares, up one cent at $A2.58.

More than 45m Myer shares changed hands at up to $A2.80. The large majority of the sales were traded as special sales.

The All Ordinaries index gained 7.7 to 882.4, the All Industrials added 11.4 at a record 1,272.3, the All Resources rose 4.9 at 580.0, Gold index firmed 12.1 to 824.8, Oil and Gas 6.6 at 643.0 and Solid Fuels 6.1 at 432.4.

Brokers said some of the turnover was a flow-on from Thursday when Westfield announced it was increasing its holding in Myer to 10.06 per cent. They said Coles also may have bought 5 per cent of Myer to shore up the management position.

National volume 127m shares, valued at $A183m, as rises outnumbered falls by 274-to-116.

NEW YORK

Stock	July 3	July 2
Beneficial	44⅛	43⅞
Beth. Steel	13⅞	15⅞
Betz Labs	42	33¼
Big Three Inds	24⅜	23¾
Black & Decker	20	18⅞
Block (H. & R.)	67⅜	67⅛
Blount Inc. B	15¼	15¼
Boeing	46½	46⅝
Boise Cascade	46⅜	46½
Borden	32¾	39
Borg Warner	22¼	22½
Bowater Inc.	23½	23⅞
Briggs Strat'n	37⅞	37⅝
Bristol Myers	60¾	61
BP	47⅞	27⅛
Bt. Telecom. ADR	22¼	22½
Brockway Glass	24½	24⅝
Brown Forman B	38½	37½
Brown Group	29¼	29¼
Brown & Sharp	20⅜	20¼
Browng Ferris	50½	50
Brunswick	37¼	37½
Burlington Ind	27¼	27¼
Burlington Nrthn	63⅞	64½
Burndy	12¼	12½
Burroughs	58⅛	58⅛
CBI Inds	23⅝	23⅞
CBS	118⅛	117½
CPC Intl	45¾	46
CSX	26⅞	26⅛
Cabot	27⅞	27½
Cameron Iron	13½	13½
Campbell Red L.	20¼	20⅝
Campbell Soup	76½	76½
Cdn. Pacific	14⅝	14½
Cap. Cities Com.	224	221⅛
Carlisle Corp.	31¼	32
Carolina Power	29½	29⅞
Carpenter Tech.	39	38⅝
Carter Hawley	28	28½
Caterpillar	34⅛	34½
Celanese Corp	123¾	122⅞
Centel	44¼	44¾
Centex	25½	25⅝
Central & Sw	26	26
Certain-teed	27⅛	27⅞
Cessna Aircraft	23½	22¾
Champ Home Bld	2⅞	3⅛
Champ Int	23⅞	23½
Chp Sp Plug	8⅛	8¼
Charter Co	2½	3
Chase Manhatt'n	62¼	61⅛
Chemical NY	42	41⅛
Chesebr. Pond	33⅜	42⅛
Chevron	37	37⅛
Chicago Pneum.	27⅞	27⅝
Chrysler	35	36⅛

Stock	July 3	July 2
Fed. Paper B'rd.	12¼	19
Fed. Dep. Stores	63⅜	63⅜
Fieldcrest Mill.	28	28
Fin. Corp	7½	7⅛
Firestone	21¼	21⅜
1st Chicago	25½	25¾
1st City Bank	11⅛	11⅜
1st Interstate	65⅛	65⅛
1st Mississippi	6¾	6⅝
1st Penn	7¼	7¼
Fischbach	33⅜	33½
Fisons	17⅜	17⅞
Fleetwood Ent.	22⅜	22⅜
Flexi-van	34½	34½
Florida Prog.	27⅞	27⅞
Fluor	18	17⅛
Ford Motor	45	43⅜
Fort Hwd Paper	71⅛	72½
Foster Wheeler	13¼	13¼
Freeport McM.	19½	19¼
Fruehauf	22	21⅞
GAF	33	34¾
GATX	29	28⅛
GEICO rp	75¾	75¼
GTE Co	40⅝	40½
Gannett	62½	63⅛
Gelco	18½	19⅝
Gen Am Invest	17⅝	17⅜
Gen Cinema	38⅛	38⅜
Gen Dynamics	77⅛	77
Gen Electric	61⅛	61⅜
Gen Foods	79⅜	80
Gen Instruments	16¼	16⅛
Gen Mills	61⅛	61¾
Gen Motors	71¾	73½
Gen Pub Utilities	13¾	14⅛
Gen Reinsr.	85⅛	84¾
Gen. Signal	44¾	46⅛
Gen. Tire	47½	47⅛
Genentech	45	45¾
Genrad	16⅛	16⅜
Genuine Parts	53⅛	52½
Georgia Pac.	23¾	24⅛
Gerber Prod.	35	34⅞
Gillette	58⅞	58⅝
Global Marine	1⅝	2⅛
Goodrich (B.F.)	30⅜	31
Goodyear Tyre	28	29⅜
Gould	25	25
Grace	40⅝	40⅞
Grainger (WW)	36	35⅞
Gt. Atl. Pac. Tea	16⅛	15⅜
Gt. Nthn. Nekoo	38¾	39⅛
Gt West Financl	29½	22
Greyhound	28⅜	29⅜
Grow Grp.	10⅞	11⅜
Grumman	30⅛	30⅝
Gulf & Western	39½	39
Gulf States Utl.	16	16⅜

Stock	July 3
Lubrizol	22
Lucky Strs.	29¼
M/A Com. Inc	20⅛
MCA	68
MCI Comm	10¼
M.G.M. UA Ent	15
MGM UA Home	27¾
Mack Trucks	11⅝
Macmillan	33⅜
Macy	50¾
Man. Assistant	2⅝
Manfc. Hanover	40⅛
Manville Corp.	6⅝
Mapco	35
Marine Mid	36⅜
Marion Labs.	36⅞
Marriott	96¼
Marsh Mclenn	72¼
Martin Mtta.	39⅞
Mascn	35⅜
Massey Ferg.	3
Mass Multi Corp.	29⅛
Mattel	16⅜
Maxxam	14⅜
May Dept Strs.	65
Maytag	53⅛
McCulloch	13¼
McDermott Inc.	25⅞
McDonalds	68½
McDonnel Doug.	78⅜
McGraw Edison	—
McGraw Hill	42⅞
McKesson	46⅝
Mead	42¼
Media Genl.	82⅜
Medtronic	32
Mellon Natl.	54½
Melville	46½
Mercantile Strs.	67¼
Merck	111½
Meredith	72
Merrill Lynch	55½
Mesa Pet	14¾
Micom Systems	17½
Midcon	46⅜
Mid Sth Util.	14⅝
Millipore	39
Minnesota Mine.	79⅛
Mitchell Energy	13⅝
Mobil	30
Mohasco	51
Molex	33
Monarch M/T	15½
Monolithic Mem.	12¼
Monsanto	48⅞
Moore McC'mak	25½
Morgan (JP)	50⅜
Morrison Knud.	41⅜

Indices

NEW YORK

DOW JONES

	July 5	July 2	July 1	June 28	June 27	1985 High	1985 Low	Since Compilt High	Since Compilt Low
♦Industrl's	1326.33	1334.01	1337.14	1333.46	1332.21	1337.14 (1/7)	1184.96 (4/1)	1337.14 (1/7/85)	41.22 (2/7/32)
H'me Bnds	79.62	79.60	79.41	79.45	79.41	80.24 (10/6)	72.27 (28/3)	—	—
Transport.	675.09	673.81	673.64	664.09	665.04	675.02 (2/7)	553.03 (4/1)	675.03 (3/7/85)	12.32 (8/7/32)
Utilities	165.26	163.52	165.37	164.95	164.85	166.85 (21/6)	146.54 (4/1)	166.85 (21/6/85)	10.5 (28/4/42)
Trading Vol 000's	98,410	111,070	96,080	105,240	106,730	—	—	—	—

♦Day's High 1537.59 (1345.75) low 1520.25 (1329.19)

	June 28	June 21	June 14	year ago (approx)
Industrial div. yield %	4.59	4.65	4.71	5.00

STANDARD AND POOR'S

	July 5	July 2	July 1	June 28	June 27	1985 High	1985 Low	Since Compil'n High	Since Compil'n Low
Indust'ls	211.12	211.84	212.47	211.92	211.27	212.47 (1/7)	198.24 (8/1)	212.47 (1/7/85)	3.62 (30/6/32)
Composite	191.45	192.01	192.43	191.85	191.25	192.45 (1/7)	163.68 (4/1)	192.45 (1/7/85)	4.40 (1/6/32)

	June 26	June 19	June 12	year ago (approx)
Industrial div. yield	3.72	3.80	3.77	4.37
Industrial P/E ratio	11.90	11.65	11.54	10.75
Long Gov. Bond yield	10.67	10.22	10.51	13.56

N.Y.S.E. ALL COMMON

July 3	July 2	July 1	June 28	1985 High	1985 Low
111.02	111.26	111.45	111.11	111.45 (1/7)	84.60 (4/1)

Rises and Falls

	July 3	July 2	July 1
Issues Traded	1,984	2,007	1,997
Rises	774	822	820
Falls	759	746	676
Unchanged	471	437	436
New Highs	116	130	131
New Lows	10	13	

TORONTO	July 4	July 3	July 2	July 1	1985 High	1985 Low
Metals & Minerals	1874.6	1874.4	1866.6	(c)	2190.07 (16/2)	1874.4 (3/7)
Composite	2727.6	2718.3	2723.3	(c)	2766.1 (5/6)	2546.6 (4/1)
MONTREAL Portfolio	135.08	132.60	133.05	(c)	135.56 (6/6)	117.00 (4/1)

FRANCE							
CAC General (31/12/82)	219.60	221.6	223.5	224.7	233.1 (21/5)	180.9 (3/1)
Ind Tendance (28/12/84)	134.10	135.6	137.3	137.6	130.4 (31/5)	100.7 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	502.62	498.53	495.03	485.08	502.62 (5/7)	382.39 (3/1)
Commerzbank (1/12/53)	1486.2	1475.0	1462.4	1452.8	1486.2 (5/7)	1111.5 (3/1)
HONG KONG						
Heng Seng Bank (31/7/64)	1570.30	1574.37	1500.10	1591.33	1647.68 (17/6)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	343.05	342.06	368.39	354.93	343.05 (5/1)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12963.5	12969.6	12924.3	12,913.7	12969.6 (4/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1037.12	1035.58	1029.17	1,028.2	1037.12 (5/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	221.2	219.0	218.1	217.1	221.2 (5/7)	185.0 (5/1)
ANP-CBS Indust (1970)	186.5	184.6	183.1	181.5	186.5 (5/7)	147.2 (5/1)
NORWAY						
Oslo SE (4/1/83)	335.11	324.01	324.32	325.78	345.97 (3/6)	286.18 (2/1)
SINGAPORE						
Straits Times (1966)	753.14	764.30	765.17	707.28	852.85 (17/3)	753.14 (5/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	958.7	957.8	948.0	1140.0 (15/4)	856.1 (11/2)
JSE Indust (28/9/78)	—	993.0	978.0	974.0	993.0 (5/7)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	108.43	109.86	109.97	108.29	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1295.43	1307.85	1320.01	1,321.82	1486.98 (11/2)	1235.43 (5/7)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	460.3	454.6	453.0	443.9	460.5 (5/7)	388.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	216.3	218.9	215.6	216.3 (5/7)	184.6 (4/1)

** Saturday June 29: Japan Nikkei-Dow 12,023.0. TSE 1,023.67.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
CBS	2,090,400	118⅛	+⅛	Goodyear Tire	1,586,600	28	−1⅝
MCA	2,022,300	68	+3⅛	Fed Nat. Mort.	1,414,100	20⅛	−⅛
Mani Har	1,963,200	1⅜	+¼	Tandy	1,137,100	[illegible]	−2⅜
Unocal	1,811,100	29⅛	+⅛	Am Hsp Supp.	1,186,300	32½	−⅛
[illegible]	1,619,600	20	[illegible]	[illegible]	[illegible]	46⅝	−⅛

FRANCE July 5	Price Frs.	+ or −
Damart	1,950	−5
Darty	1,448	−12
Dumez S.A.	7	−0.19
Eaux (Cie Gen)	666	−6
Elf-Aquitaine	200.1	−1.8
Essilor	2,384	−6
Gen. Occidentale	725	−16
Imetal	101.3	−2.2
Lafarge Coppee	488	−7
L'Oreal	2,395	−7
Legrand	2,233	+10
Maisons Phenix	230	...
Matra S.A.	1,698	−20
Michelin B	1,180	−35
Midi (Cie)	2,870	−20
Moet-Hennessy	1,975	+10
Moulinex	89	−0.6
Nord Est	89.1	+0.1
Pernod Ricard	719	−11
Perrier	534	+1
Petroles Fra.	299.1	−6.2
Peugeot S.A.	370	−2.6
Printemps Au.	272.5	−2.5
Radiotech	380	−14
Redoute	1,270	−4
Roussel-Uclaf	1,610	−37
Sefimeg	374	−1
Skis Rossignol	1,430	−20
Telemec Elect.	2,670	−95
Thomson CSF	519	−5
Valeo	221	+0.8

NETHERLANDS July 5	Price Fls	+ or −
AMRO	85.8	+1.2
Bredero Cert	168.8	+0.8
Bos Kalis Westm.	18.7	+0.1
Buhrmann-Tet.	93	−1.7
Calland Hldgs.	36.6	...
Dordtsche Pet'm	179.3	+1
Elsevier NDU	136.5	+6.5
Fokker	74.5xc	+1.6
Gist Brocades	204.6	−9
Heineken	150	−0.4
Hoogovens	63.7	+2.7
Int Mueller	52.5	...
KLM	60.6	+0.7
Naarden	51	+0.5
Nat Ned Cert	74.2	+2.1
Ned Mid Bank	200.5	−0.5
Nedlloyd	161	−1
Oce Grinten	343	−5
Ommeren (Van)	30	+0.5
Pakhoed	63.5	+1
Philips	62.8	...
Robeco	77.3	−0.1
Rodamco	143.6	−0.6
Rolinco	71	+0.8
Rorento	46.4	+0.9
Royal Dutch	201.4	−4.6
Unilever	363	+4
VMF Stork	913	+6
VNU	208.5	+3
Wessanen	186	...
West Utr Bank	100.7	+0.6

SWITZERLAND July 5	Price Frs.	+ or −
Swiss Reinsce	12,750	−50
Swiss Volksbk.	1,810	+10
Union Bank	4,555	+5
Winterthur	4,585	−50
Zurich Ins.	23,626	−95

AUSTRALIA July 5	Price Aust $	+ or −
ANZ Group	4.55	+0.02
Alliance Oil Dev.	1.05	...
Ampol Pet.	1.85	−0.03
Ashton	1.16	+0.03
Aust. Cons. Ind.	8.61	+0.02
Aust. Guarantee	9.45	+0.07
Aust. Nat. Inds.	8.49	+0.04
APM	2.78	+0.05
Bell Group	7.00	...
Bell Res.	6.9	+0.1
Bond Corp Hldgs	1.26	...
Boral	3.3	+0.04
Bougainville	2	+0.02
Brambles Inds.	4.78	...
Bridge Oil	2.42	+0.9
B.H. Prop.	6.38	...
CRA	5.98	+0.04
CSR	2.98	+0.07
Castlemaine Tys.	6.6	−0.01
Coles (G.J.)	4	+0.1
Comalco "A"	1.22	+0.01
Consolidated Pet	0.32	−0.01
Costain Aust.	1.6	...
Dunlop Olympic	2.4	+0.03
Elders IXL	2.95	−0.01
Energ Res.	1.36	+0.01

JAPAN July 5	Price Yen	+ or −
Fuji Film	1,290	...
Fujisawa	930	−18
Fujitsu	1,020	...
Green Cross	2,290	−30
Hasegawa	460	−2
Heiwa Real Est.	867	−23
Hitachi	725	−1
Hitachi Credit	1,090	−30
Honda	1,470	+10
House Food	772	−15
Hoya	1,870	+20
Itoh (C)	440	−7
Ito Yokado	2,660	+10
Iwatsu	850	−3
JACCS	342	+2
JAL	7,100	−300
Jusco	831	−1
Kajima	328	+4
Kao Soap	837	−3
Kashiyama	685	...
Kirin	685	−2
Kokuyo	1,070	−50
Komatsu	482	−8
Konishiroku	720	−3
Kubota	361	+6
Kumagai	653	+24
Kyocera	4,020	−100
Maeda Const.	520	+50
Makino Milling	1,040	−20
Makita	1,020	−10
Marubeni	358	...
Marudai	658	−4
Marui	1,350	...
MEI	1,380	−20
M'ta Elec Works	726	+4
M'bishi Bank	1,660	+20
M'bishi	680	+10
M'bishi Elect	393	−1

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases

The dollar fell in very thin trading after the release of U.S. unemployment figures. These showed a disappointing rise in the non-farming sector and prompted a little selling. This was sufficient to push the dollar lower, given the absence of many dealers, who extended Thursday's holiday through to a long weekend. The dollar closed at DM 3.0060 down from DM 3.0315 and much will depend on how the market resists any attempt to drag it below DM 3.00 next week. Elsewhere it finished at SwFr 2.5185 from SwFr 2.5435 and Y247.000 from Y247.70. It was also lower against the French franc at FFr 9.15 from FFr 9.2275. On Bank of England figures, its index fell to 143.1 from 143.7, its lowest level since December last year.

Sterling's index closed at its best level since March last year at 82.0 up from 81.6. It rose above DM 4.00 briefly but came back to finish at DM 3.99, unchanged from Thursday. The dollar's weaker trend and high UK interest rates provided the pound with a firm base. Elsewhere it closed at SwFr 3.34 from SwFr 3.3475 and FFr 12.1450 from FFr 12.1475. Against the dollar it rose to $1.3275 from $1.3175 and Y327.75 from Y326.65.

£ IN NEW YORK

	July 5	Prev. close
£ Spot	$1.3295-1.3305	N/A
1 month	0.55-0.53 pm	N/A
3 months	1.54-1.49 pm	N/A
12 months	4.68-4.13 pm	N/A

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	July 5	Previous
8.30 am	81.7	81.3
9.00 am	81.6	81.3
10.00 am	81.6	81.5
11.00 am	81.6	81.6
Noon	81.7	81.7
1.00 pm	81.7	81.6
2.00 pm	82.0	81.6
3.00 pm	82.0	81.6
4.00 pm	82.0	81.6

POUND SPOT—FORWARD AGAINST POUND

July 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3130-1.3295	1.3270-1.3280	0.56-0.53c pm	4.93	1.53-1.48pm	4.53
Canada	1.7860-1.8050	1.8020-1.8040	0.51-0.42c pm	3.09	1.38-1.22pm	2.88
Nethlnd.	4.48¾-4.53	4.48¾-4.49¾	2¼-2⅛c pm	5.84	6½-6¼pm	5.68
Belgium	80.30-80.83	80.40-80.50	30-24c pm	4.03	80-71 pm	3.15
Denmark	14.31½-14.37¾	14.63¼-14.37¼	3½-2½ore pm	2.51	8¾-8pm	2.38
Ireland	1.2725-1.2790	1.2725-1.2735	0.30-0.14p pm	2.07	0.62-0.36pm	1.57
W. Ger.	3.98½-4.01	3.98½-3.99½	2½-2¼pf pm	7.33	7¼-0⅞pm	7.02
Portugal	227½-233¼	227¾-230¼	230-560c dis	−20.68	575-1560dis	−18.83
Spain	228¾-229	228½-229	15-75c dis	−2.36	110-180dis	−2.36
Italy	2541½-2556	2541½-2542½	par-4 lire dis	−0.94	6-11dis	−1.34
Norway	11.46¾-11.55	11.53½-11.54½	¼ore pm-½ dis	−0.45	½-1½dis	−0.35
France	12.14-12.22½	12.14-12.15	2¾-2¼c pm	2.35	6⅛-5¾pm	1.85
Sweden	11.46½-11.56¾	11.52¾-11.53¾	3½-4¼ore dis	−3.97	10⅞-11¾dis	−3.90
Japan	325¾-328½	327¼-328¼	1.85-1.75y pm	6.59	5.00-4.85pm	6.01
Austria	28.03-28.23	28.03-28.08	15-13gro pm	6.12	41¾-37¾pm	6.67
Switz.	3.33½-3.38	3.33½-3.34½	2¾-2c pm	7.63	6¾-6⅞pm	7.19

Belgian rate is for convertible francs. Financial franc 81.20-81.30. Six-month forward dollar 2.67-2.62c pm. 12-month 4.35-4.20c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

July 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3130-1.3295	1.3270-1.3280	0.56-0.53c pm	4.93	1.53-1.48pm	4.53
Ireland†	1.0320-1.0445	1.0435-1.0445	0.30-0.20c pm	2.90	0.85-0.70pm	3.00
Canada	1.3565-1.3585	1.3565-1.3575	0.13-0.22c dis	−1.81	0.55-0.60dis	−1.69
Nethlnd.	3.3840-3.4288	3.3840-3.3850	0.28-0.23c pm	0.86	0.95-0.92pm	1.10
Belgium	60.55-61.19	60.55-60.65	4-5c dis	−0.88	12-14dis	−0.85
Denmark	10.77-10.89¼	10.78¼-10.79¼	1¼-2¼ore dis	−2.20	4¾-5¼dis	−1.94
W. Ger.	3.0020-3.0375	3.0055-3.0065	0.05-0.60pf pm	2.47	1.91-1.86pm	2.48
Portugal	173½-174¼	173½-174½	250-500c dis	−25.86	650-1400dis	−23.56
Spain	171-173¼	111-171¼	90-105c dis	−9.30	290-320dis	−7.04
Italy	1915-1937¼	1915-1916	9½-10 lire dis	−6.05	28¼-29dis	−5.82
Norway	9.69-8.73	8.69¼-8.69¾	3½-4ore dis	−5.16	10½-10¾dis	−4.88
France	9.14¼-9.24¼	9.14¼-9.15¼	1.95-2.10c dis	−2.63	6.10-6.40dis	−2.71
Sweden	8.69-8.73½	8.69-8.69½	6½-6¾ore dis	−9.11	18½-18¾dis	−9.54
Japan	246.85-247.90	246.95-247.90	0.37-0.33y pm	1.69	0.99-0.94pm	1.56
Austria	21.10½-21.33¼	21.13-21.18	2¼-2gro pm	1.38	8-5½pm	1.27
Switz.	2.5170-2.5455	2.5180-2.5190	0.60-0.54c pm	2.69	1.68-1.62pm	2.60

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 61.15-61.25.

OTHER CURRENCIES

July 5	£	$		£ Note Rates
Argentina Austl.	1.0612-1.0826	0.8000-0.8010	Austria	27.90-28.20
Australia Dollar	1.8670-1.9710	1.4625-1.4840	Belgium	80.50-81.30
Brazil Cruzeiro	8,059-9,065	6,060-6,080	Denmark	14.26-14.40
Finland Markka	8.2976-8.3205	6.2640-6.2660	France	12.10-12.22
Greek Drachma	176.35-179.90	133.84-136.56	Germany	3.97-4.00
Hong Kong Dollar	10.3000-10.3125	7.7650-7.7680	Italy	2530-2665
Iran Rial	119.90*	92.20*	Japan	326-330
Kuwait Dinar (KD)	0.4020-0.4030	0.30343-0.30385	Netherlands	4.49-4.52
Luxembourg Fr.	80.40-80.50	60.55-60.65	Norway	11.43-11.54
Malaysia Dollar	3.2290-3.5040	2.4870-2.4900	Portugal	281-235
New Zealand Dlr.	2.8195-2.8205	8.1185-8.1230	Spain	221-230
Saudi Arab Riyal	4.8383-4.8480	3.6515-3.6586	Sweden	11.43-11.54
Singapore Dollar	2.9570-2.9690	2.2266-9.2595	Switzerland	3.35-3.36
Sth African Rand	2.6146-8.6256	1.6675-1.9715	United States	1.31-1.33
U.A.E. Dirham	4.8650-4.8750	3.6720-3.6730	Yugoslavia	593-395

* Selling rate.

EXCHANGE CROSS RATES

July 5	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.328	6.990	527.9	12.15	5.340	4.495	2542.	1.803	80.45
U.S. Dollar	0.765	1.	3.006	247.0	6.150	2.516	3.365	1916.	1.359	60.60
Deutschemark	0.831	0.333	1.	82.14	3.044	0.837	1.126	637.1	0.452	20.16
Japanese Yen 1,000	3.051	4.050	12.17	1000.	37.06	10.19	13.71	7756.	56.01	246.5
French Franc 10	0.823	1.093	3.285	266.9	10.	2.750	3.669	2093.	1.485	66.24
Swiss Franc	0.296	0.397	1.196	98.13	3.656	1.	1.345	761.1	0.540	24.06
Dutch Guilder	0.223	0.260	0.888	72.96	2.703	0.745	1.	566.9	0.401	17.61
Italian Lira 1,000	0.383	0.522	1.570	128.9	4.779	1.314	1.767	1000.	0.706	31.65
Canadian Dollar	0.553	0.736	2.213	181.8	6.756	1.852	2.462	1410.	1.	44.62
Belgian Franc 100	1.243	1.650	4.960	407.4	15.10	4.152	5.694	316.	2.241	100.

MONEY MARKETS

Rates fall

Interest rates were easier in London yesterday. After opening little changed rates fell during the afternoon in response to sterling's rise to its best level since March last year. Sterling's strength gave rise to renewed speculation about a cut in clearing bank base rates but it seems that suggestions of such a move are unlikely to gather significant momentum until after next week's UK money supply figures and the outcome of the latest meeting of Opec ministers.

Against this background three-month interbank money eased to 12⅝-12½ per cent from 12¾-12⅝ per cent while three-month eligible bank bills were bid at 12 per cent, unchanged from Thursday. Weekend interbank money remained quite firm during the morning in the absence of early help from the Bank of England to meet the day's shortage. Assistance was forthcoming in the afternoon however and rates fell away to around 10 per cent.

UK clearing banks base lending rate 12½ per cent since June 12

The Bank of England forecast a shortage of around £950m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £474m and Exchequer transactions a further £95m. There was also a rise in the note circulation of £255m and banks brought forward balances £115m below target. The Bank gave assistance in the morning of £83m through purchases of eligible bank bills, £20m in band 1 (up to 14 days) at 12⅜ per cent, £54m in band 2 (15-33 days) at 12¼ per cent, £4m in band 3 (34-63 days) at 12⅛ per cent and £5m in band 4 (64-91 days) at 12 per cent.

In the afternoon the shortage was revised to £900m before taking into account the morning help and the Bank provided further assistance of £817m. This comprised purchases of £259m of eligible bank bills in band 2 at 12¼ per cent and in band 3 £1m of Treasury bills and £304m of eligible banks bills. In band 4 it bought £7m of Treasury bills and £247m of eligible bank bills at 12 per cent. It also provided late help of £65m, making a total of £965m.

LONDON MONEY RATES

July 5 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10—13½	12¾—13	12¼	12½-13½	[illegible]	—	—	—	—
2 days notice	—	—	12¾—13	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¾-13¼	12⅞	[illegible]	[illegible]	—	—	—	—	—
One month	12¾-12⅝	12⅝-12¾	12⅝	[illegible]	[illegible]	[illegible]	12¼	12⅜	12⅜-12¼	12⅞
Two months	12⅝-12½	12½-12⅝	12½	[illegible]	[illegible]	[illegible]	[illegible]	12¼	12⅛	12¾
Three months	12⅝-12½	12⅝-12½	12⅝	[illegible]	[illegible]	[illegible]	11⅞	12	12	12¾
Six months	12-11⅞	12⅛-12¼	12⅛	—	—	—	—	11⅞	11⅞	12¼
Nine months	11⅞-11⅝	12-12⅛	—	—	—	—	—	—	—	—
One year	11⅝-11⅜	11⅞-12⅛	11⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13½-15	—	12⅝	7.55-7.45	7¼-7⅛	9⅝-9½
Two months	13-12¾	—	12½	7.55-7.45	7⅜-7¼	9⅝-9½
Three months	12¾-12½	—	12⅜	7.55-7.65	7¼-7⅛	9½-9⅜
Six months	12½-12¼	—	12¼	7.75-7.65	7⅜-7¼	9⅜-9¼
Nine months	12¼-12⅛	—	12⅛	7.95-7.85	—	—
One year	12⅛-11⅞	—	12⅛	9.1-9.0	8¼-8⅛	9⅛-9
Two years	—	11½	—	—	—	—
Three years	—	11⅜	—	—	—	—
Four years	—	11⅜	—	—	—	—
Five years	—	11⅜	—	—	—	—

ECGD Fixed Rate Finance IV: Average Rate of Interest period June 5 to July 2 (inclusive): 12.535 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent from July 1, 1985. London and Scottish Clearing Bank Rates for lending 12½ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-6.75 per cent (net). Treasury Bills: Average tender rate of discount 11.9246 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 12½ per cent; one-three months 12½ per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-12 months 12 per cent. Under £100,000 11½ per cent from June 27. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 5)

3 months U.S. dollars

bid 7 5/8	offer 7 3/4

6 months U.S. dollars

bid 7 15/16	offer 8 1/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12¾-12⅞	9⅛-8½	8½-9	6⅝-7	2⅛-2⅝	5-5⅛	10⅛-10⅜	13-14	8½-6¾	8½-9¾	6⅛-6⅜	9¾-10¼
7 days' notice	12¾-12⅞	7¾-7⅞	9-9½	6⅝-6⅞	2⅛-2⅜	5⅛-5½	10⅛-10⅜	13-14	8½-8⅞	9⅜-8⅞	6⅛-6¼	10-10¼
Month	12⅞-13	7⅞-7⅞	9⅛-9⅛	6⅝-6⅞	5-5⅛	5⅛-5¼	10⅛-10⅜	13⅞-13⅞	8⅜-8⅝	8⅜-8⅞	6⅛-6¼	9⅞-9⅞
Three months	12⅝-12½	7⅝-7⅞	9⅛-9⅛	6⅝-6⅞	5⅛-5⅜	5⅛-5¼	10⅝-10⅞	13⅞-14⅛	8⅝-8⅞	8⅝-8⅞	6⅛-6⅜	9½-10
Six months	12⅛-12⅛	7⅞-7⅞	9⅛-9½	6⅝-6⅞	5⅛-5⅜	5⅜-5⅝	10⅝-10⅞	13⅞-14⅛	8⅞-9	9⅜-9	6⅛-6⅜	9½-10
One year	11⅞-12	8⅛-8⅞	9⅞-9⅞	6⅛-6⅜	5⅛-5⅜	5⅛-5⅜	11⅛-11⅜	14⅛-14⅜	9⅛-9⅜	9⅛-9⅜	6⅛-6⅜	9½-10

Asian $ (closing rates in Singapore): Short-term 8-8¼ per cent; seven days 7¾-7⅞ per cent; one month 7¾-7⅞ per cent; three months 7⅝-7⅞ per cent; six months 7⅞-8 per cent; one year 8¼-8⅜ per cent. Long-term Eurodollars: two years 9¼-9⅜ per cent; three years 9⅝-9¾ per cent; four years 9⅞-10 per cent; five years 10¼-10½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on Week	Year ago	1985 High	1985 Low
METALS					
Aluminium					
Free Markets c.i.f.	$1035/1065	+0	$1260/1240	$1180/1210	$1025/1055
Antimony					
Free Market 99.6%	$2720/2860	+25	$3180/3860	$3075/3150	$2560/2650
Copper-Cash High Grade	£1076.5	−16.5	£981.5	£1336	£1076.5
3 months Do. Do.	£1087.5	−11	£999.25	£1331.75	£1087.25
Gold per oz.	$311.75	+6	$341.5	$335	$284.75
Lead Cash	£299	−56.2	£366.5	£381.5	£290.3
3 months	£301.5	−0.75	£365.25	£353.6	£296.86
Nickel Market c.i.f. 1b					
Free	236/266c	−13	211/231c	252/282c	216/246c
Palladium	$93.95	−4.3	$137.25	$139.66	$95.50
Platinum per oz.	$260.70	−7.1	$338.60	$301.25	$244.23
Quicksilver (76 lbs)	$280/290	—	$295/306	$300/310	$290/260
Silver per oz	448.00p	−23.65	575.60p	376.60p	448.00p
3 months per oz.	461.00p	−24.45	587.10p	594.90p	461.45p
Tin cash	£9487.5	−50	£9416	£10,325	£9230
3 months	£9400.5	−32	£8362.5	£10,232.5	£9225.3
Tungsten Ind.	$72.75	−0.69	$85.23	$93.85	$72.75
Wolfram (22.04 lb)	$58/62	+2	$82/88	$75/78	$56/60
Zinc cash	£501	−55.3	£626	£844.6	£560
3 months	£528.5	−44	£643.5	£822.6	£552.5
Producers	$880	—	$1,040	$960	$880
GRAINS					
Barley Futures	£86.00t	−1	£107.25	£117.40	£96.00
Maize French	£145.00	—	£153.50	£102.30	£145.00
WHEAT Futures	£96.80t	−1.2	£108.50	£124.95	£96.90
SPICES					
Cloves	£3,850	—	£4,200	£4,200	£3,250
Pepper white	‡	—	$5,060	$3,850	$5,500
black	£3,700	—	$1,900	$3,700	$2,150
OILS					
Coconut (Philippines)	$520y	—	$1,040	$950	$500
Palm Malayan	$519z	−35	$575	$700	$513
SEEDS					
Copra (Philippines)	$340v	−6	$650	$573	$530
Soyabeans (U.S.)	$237t	−4.3	$281	$265.4	$265
OTHER COMMODITIES					
Cocoa Futures Sept.	£1770	+63.5	£1769.6	£6,266.5	£1696.5
Coffee Futures Sept.	£1864.5	−82.6	£8262	£8,457	£184.4
Cotton Index	62.00c	−0.6	81.20c	71.86c	62.00c
Dcs. Coconut	£840	−80	£1300	£1,650	£630
Gas Oil Fut. Aug.	$216	−0.15	$268.5	$235.5	$209.76
Jute LJA BWC grade	$570	−100	$615	$946	$570
Rubber kilo	66p	—	61p	70p	62p
Sisal No. 3L	$620	−20	$285	$670	$320
Sugar (Raw)	$85v	−3	$96.76	$132.5	$82
Tea (quality) kilo	‡	—	286p	340p	185p
New medi kilo	105p	−6	196p	255p	105p
Wooltops 64s Super	453p kilo	—	499p kilo	526p kilo	453p kilo

‡ Unquoted. (g) Madagascar. (v) July/Aug. (y) June-July. (z) August. (w) July. (t) Sept.

REVIEW OF THE WEEK

London coffee loses ground

BY OUR COMMODITIES STAFF

COFFEE PRICES continued to lose ground on the London futures market this week reflecting the continuing plentiful supply situation and the further easing of fears about possible frost damage to the Brazilian crop.

The September quotation fell to the lowest level for 20 months before ending £99.50 down on the week at £1,864.50 a tonne and has now fallen some £500 in three months.

Awareness that the peak frost-risk period is being approached in Brazil helped to steady the market at the lower levels but there appears to be no immediate risk of a damaging cold spell.

On Thursday the International Coffee Organisation (ICO) announced that it had cut 1984-85 season export quotas by 1m bags (60 kilos each) to 59m bags. The news had little market impact, however, as it was the automatic result of the ICO 15-day average indicator price falling below a predetermined trigger level at 130 U.S. cents a pound.

World sugar prices were also under pressure with the London daily raws price slipping to $82m a tonne, the lowest level for more than 15 years. As with coffee the principal reason for the fall was the expectation of continuing production surpluses and historically high world stock levels.

In Brussels the EEC sugar management committee maintained the tough line it adopted last week when it imposed a ceiling on the subsidies available to exporters to bridge the gap between internal EEC prices and world market values. But the exporters, who had taken out no export licences in the first week of the new policy, cut back their subsidy bids and licences were granted on 113,000 tonnes of raws, about double the normal weekly level. It was suggested that many had been forced to accept the inadequate subsidies, possibly resulting in trading losses, in order to meet export commitments already entered into.

The cocoa market was relatively quiet with prices moving up steadily but unspectacularly. The September futures position ended the week £63.50 higher at £1,770 a tonne.

The biggest mover on the London Metal Exchange (LME) was zinc. The cash position held above the £600 a tonne mark at first, helped by news that LME stocks fell 2,850 tonnes last week to 34,750 tonnes. But the continued failure of the three months position to break through £600 eventually led to a wave of profit-taking which turned the market sharply downwards and the cash position ended £55.50 lower on the week at £561 a tonne.

News of a further rise in LME copper stocks pushed prices down quite sharply on Monday and the cash position, despite fluctuating in mid-week, ended little changed from that level at £1,076.50 a tonne, down £16.50 on balance.

Silver prices were affected by the dull tone in the gold market and a rise in LME stocks. The cash quotation on the London bullion market ended 23.65p down at a 2½ year low of 445p a troy ounce.

Trading remained subdued on the LME tin market as traders awaited the lifting of the £90 ceiling on the daily cash premium over the three months position which was imposed by the Exchange last week. That decision, provoked by the International Tin Agreement buffer stock manager's policy of charging premiums up to £450 to traders wanting to "borrow" tin for one day, came under fire from Malaysia this week. Datuk Paul Leong, the Malaysian Primary Industries Minister, said the move called the Exchange's credibility into question because it had changed the rules to protect its own members' interests.

OIL

Petroleum products and crude oil markets were quiet in advance of the Opec meeting. Gulf crudes were most active and firmed 10c. Gas oil talk remained strong on short-covering demand. Naptha prices rose slightly on lean end-user demand. Heavy fuel remained stable in North West Europe but firmed in the Mediterranean due to poor supply—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	26.75-26.85*	+0.05
Arab Heavy	24.80-25.00*	−0.05
Dubai	25.30-25.45*	+0.75
Brent Blend	26.75-26.85	—
W.T.I. (1pm est)	—	—
Forcados (Nigeria)	26.30-26.40	—
Urals (cif NWE)	25.50-25.60	—

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)

Premium gasoline	283-284	+1
Gas Oil	219-221	—
Heavy fuel oil	197-129	—
Naphtha	262-264	+1.5

*August

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or −	Business Done
	$ U.S. per tonne		
July	218.50	+0.50	218.50-17.75
Aug	216.00	—	215.25-14.50
Sep	214.00	—	214.00-15.50
Oct	215.25	+0.25	215.25
Nov	218.00	+0.75	216.00
Dec	220.00	+1.25	220.00
Jan	219.25	+0.50	—

Turnover: 630 (519) lots of 100 tonnes.

GOLD

Gold rose just $1 an ounce from Thursday's close in the London bullion market yesterday to finish at $311½-$312. The metal opened at $310¾-$311¼ and traded between a high of $312-$312½ and a low of $310¾-$311¼. Gold improved after the release of U.S. unemployment figures but failed to sustain the firmer trend on lack of follow through buying.

GOLD BULLION (fine ounce) July 5

Close	$311½-312	(£234¾-235¼)
Opening	$310¾-311¼	(£310¾-311¼)
M'n'g fix.	$310.90	(£235.174)
Aft'n'n fix.	$311.60	(£234.787)

GOLD AND PLATINUM COINS

Kr'g'rnd.	$319½-320	(£241-241½)
½ Krug.	$165-165¾	(£124½-125)
¼ Krug.	$84-84½	(£63¼-64)
1/10 Krug.	$34-34½	(£25½-26¼)
Mapleleaf	$321½-322	(£242½-242¾)
New Sov.	$73½-74½	(£55½-56½)
½ New Sov	$44½-45	(£33½-34)
Old Sov.	$75-76	(£56½-57½)
$20 Eagle	$450-490	(£338-369)
Noble Plat	$267½-270½	(£201½-203¾)

INDICES

FINANCIAL TIMES

July 5	July 4	M'th ago	Year ago
276.70	276.63	283.43	237.47

(Base: July 1 1952 = 100)

REUTERS

July 5	July 4	M'th ago	Year ago
1727.3	1726.0	1782.5	1903.2

(Base: September 18 1931 = 100)

MOODY'S

May 14	May 13	M'th ago	Year ago
921.9	923.8	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	July 5	July 2	Month ago	Year ago
Spot	116.47	116.76	—	134.50
Fut.	116.77	116.79	—	131.25

(Base: December 31 1974 = 100)

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	757.5-8	−0.35	
3 months	779.5-1		787/779.5

Official closing (am): Cash 764.5 (753.5-60); three months 786.5 (781-2); settlement 764.5 (771.75). Final Kerb Close: 781-2. Turnover: 9725 tonnes.

COPPER

Higher grade	Unofficial close	+ or −	High/Low
Cash	1076-7	−0.75	1080.5/1080
Three months	1087.5-8	−0.75	1095/1084

Official closing (am): Cash 1080.5-1 (1077.5-8); three months 1090-1 (1088.5-9); settlement 1081 (1078). Final Kerb Close: 1084-5.

Cathodes			
Cash	1052-4	−5	
Three months	1071-4	−5	1080/1071

Official closing (am): Cash 1061-3 (1061-5); three months 1078-9 (1068.5-9.5); settlement 1061 (1075). U.S. Producer prices 65.625-68 cents per pound.

LEAD

	Unofficial close p.m.	+ or −	High/low
Cash	299.5-300.5	+0.75	300.5/299.5
3 months	301-2	+0.75	302/301

Official closing (am): Cash 300.5 (299-300); three months 302.5-3 (301-5); settlement 300.5 (300). Final Kerb Close: 301-2. Turnover: 5575 tonnes. U.S. Spot: 18.5/21 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	3956-90	−37.5	[illegible]
3 months	3910-5	−52.5	[illegible]

Official closing (am): Cash 3900-05 (3910-5); three months 3925-40 (3930-5); settlement 3905 (3915). Final Kerb Close: 3920-25. Turnover: 1290 tonnes.

TIN

High grade	Unofficial close p.m.	+ or −	High/low
Cash	9505	−90	9560/9502
3 months	9425-8	−12.5	

Official closing (am): Cash 9540-5 (9515-20); three months 9410-2 (9420-30); settlement 9545 (9520).

Standard			
Cash	9493-500	+5	9560/9500
3 months	9400-1	−15	9420/9400

Official closing (am): Cash 9540-9540 (9600-10); three months 9410-2 (9416-20); settlement 9541 (9610). Final Kerb Close: 9401-05. Turnover: 1820 tonnes. Straits tin $m30.30 (30.25) kilo.

ZINC

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	560-2	−6	
3 months	562-3	−9.25	570/562

Official closing (am): Cash 576-7 (574-5); three months 569-7 (568.5-61); settlement 577 (576). Final Kerb Close: 561-2. Turnover: 2775 tonnes. U.S. Prime Western: 44/45.75 cents per pound.

SILVER

Silver was fixed 1.85p an ounce lower for spot delivery in the London bullion market yesterday at 445.0p. U.S. cent equivalents of the fixing levels were: spot 590.7c, down 1.5c; three-month 601.4c, down 1.6c; six-month 612.9c, down 1.4c; and 12-month 637.2c, down 1.65c. The metal opened at 448-451p (591-594c) and closed at 446-449p (592-595c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	445.00p	−1.85	447.75p	−3.25
3 months	461.00p	−2.25	462.5p	−2.0
6 months	474.00p	−2.25	—	
12 months	499.50p	−2.50	—	

LME—Turnover: 7 (14) lots of 10,000 oz. Cash high/low 442; three months high 463, low 462, final kerb 461-3.

FREIGHT FUTURES

The market made gains in all but the July position. Prices rose despite the continued drop in physical freight rates which left the Baltic Freight Index at a new low of 807, down 10.5, reports Clarkson Wolff.

	Close	High/Low	Prev.
July	814/818	820/810	820/818
Oct.	866/866	867/865	865/859
Jan.	891/895	890/870	870/875
April	915/923		886/887
July	965/928		915/900
Oct.	900/900		930/930
Jan.	1000/1000		900/975
April	1050/1050		1040/1030

Turnover: 147 (118).

RUBBER

The London physical market opened unchanged, attracted some interest throughout the day and closed slightly steadier, reports Lewis and Peat. Closing prices (buyers): spot 64.00p (same); Aug 65.00p (same); Sept 65.00p (66.50p). The Kuala Lumpur fob price for RSS No 1 was 198.0 (198.5) cents a kg and for SMR 20 was 181.5 (182.0).

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
July	1815-1818	+10.0	1821-1810
Sept.	1766-1771	+9.5	1777-1760
Dec.	1751-1755	+10.5	1756-1728
Mar.	1735-1736	+10.5	1738-1727
May	1743-1748	+9.0	1746-1736
July	1752-1760	+12.0	1752-1745
Sept.	1758-1780	+10.5	1756

Sales: 2,649 (3,105) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for July 3: 96.00 (96.04); five-day average for July 4: 95.36 (94.33).

POTATOES

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	60.00	59.80	60.00
Feb.	68.00	67.50	—
Apr.	79.90	79.00	80.00-78.50
May	95.90	84.50	85.30-85.00

Sales: 259 (11) lots of 40 tonnes.

SOYABEAN MEAL

	Yesterday's close	+ or −	Business Done
	£ per tonne		
August	112.5-116.0	+3.00	112.5-110.5
October	116.5-117.0	+3.00	116.5-112.5
Dec	121.0-121.6	+2.55	121.5-119.5
Feb.	127.2-127.5	+2.55	127.4
Apr	126.2-129.5	+2.55	—
June	128.4-129.5	+2.70	—
August	129.5-131.0	+2.75	—

Sales: 425 (53) lots of 20 tonnes.

GRAINS

Business done—Wheat: July 111.55-0.50, Sept 97.15-6.50, Nov 100.50-99.90, Jan 104.00-3.35, Mar 107.00-6.60, May 110.50-10.20. Sales: 304 lots of 100 tonnes. Barley: Sept 96.25-5.75, Nov untraded, Jan 103.20 only, Mar and May untraded. Sales: 37 lots of 100 tonnes.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
July	108.50	−0.50	—	
Sept.	96.80	−0.45	86.00	−0.50
Nov.	100.25	−0.35	99.75	−0.45
Jan.	104.00	−0.30	103.35	−0.45
Mar.	106.65	−0.35	105.55	−0.45
May	110.45	−0.25	109.05	−0.45

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent July 135, Aug 133.25, Sept 132.85, Oct 133.50 sellers transhipment east coast. U.S. no 2 soft red winter Aug 122.25, Sept 124.75, Oct 125.25 sellers. EC July 115 seller. English feed fob Oct/Dec 102.50 paid east coast. Maize: U.S. no 2 yellow/French transhipment east coast July 145 sellers. Barley: English feed fob July/Aug 96.50, Oct/Dec 103.50 sellers east coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: E. Mids 104.20, N. East 109.70, Scotland 108.20. The UK monetary coefficient for the week beginning Monday July 15 (based on HGCA calculations using three days' exchange rates) is expected to remain unchanged.

PIGMEAT

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Aug.	105.10	103.70	105.10-102.2
Oct.	105.90	106.00	105.50-105.30
Nov.	106.50	106.50	106.50-106.00
Feb.	98.50	98.20	98.50
April	98.50	98.40	—
June	97.50	97.50	—

Sales: 52 (29) lots of 50 carcases, 3,250 kg.

COFFEE

COFFEE	Yesterd'ys Close	+ or −	Business Done
July	1620-30	+10.0	1657-1798
Sept.	1864-53	−3.0	1861-1845
Nov.	1902-04	−0.5	1931-1883
Jan.	1939-40	−1.5	1965-1925
March	1943-45	−1.5	1960-1930
May	1960-62	−1.5	1975-1960
July	1980-2020	+12.3	1999

Sales: 4,931 (4,151) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for July 3: Comp. daily 1979 125.10 (120.38); 15-day average 129.65 (130.16).

SUGAR

LONDON DAILY PRICE—Raw sugar $82.00 (£62.50), unchanged (unchanged) a tonne for July-August delivery. White sugar $129.50, down $1.50.

No. 6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug.	84.4-84.6	85.8-84.2	84.4-84.0
Oct.	86.2-85.4	87.6-87.8	88.4-87.8
Dec.	92.6-93.0	91.4-91.9	92.5-92.0
Mar.	102.6-102.6	101.8-102.2	102.6-102.2
May	106.9-107.0	105.4-106.0	107.0
Aug.	112.6-113.0	112.2-113.0	112.4
Oct.	116.6-117.6	116.6-117.0	117.0

Sales: 221 (477) lots of 50 tonnes. Tate and Lyle delivery price for granulated basic sugar was £164.00 (same) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for July 3: Daily price 2.68 (same); 15-day average 2.78 (2.80).

AMERICAN MARKETS

Grains and soyabeans were sharply higher on the opening and rallied further during the day. The strength was provided by indications that the weather for the next 7-10 days will be drier and considerably more warm than normal making the crops very sensitive to weather developments. Short-covering, technical buying plus commercial position building were the price trigger, reports Heinold Commodities.

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Aug	60.10	60.17	59.35	59.15
Oct	62.55	62.70	61.77	61.85
Dec	62.27	62.65	61.77	61.52
Feb	63.25	63.50	62.65	62.18
April	63.88	64.00	63.50	62.45
June	64.03	64.35	64.00	63.56

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
July	50.87	50.70	50.05	49.75
Aug	49.20	49.45	48.40	48.02
Oct	44.37	44.37	43.35	44.05
Dec	46.12	46.25	45.70	45.37
Feb	47.15	47.60	46.60	47.05
April	43.80	44.20	43.67	43.72
June	47.22	47.25	47.00	47.17
July	47.60	47.60	47.60	47.60
Aug	45.55	46.00	45.25	46.40

MAIZE 5,000 bu min; cents/56 lb-bushel

	Close	High	Low	Prev
July	211.0	271.4	270.0	269.2
Sept	253.6	255.6	252.6	251.6
Dec	251.0	252.0	248.0	246.4
Mar	260.9	261.0	257.4	255.4
May	261.2	264.6	262.0	259.8
July	263.6	264.4	261.4	259.0
Sept	249.0	249.0	249.0	245.4

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
July	60.50	60.65	59.20	59.40
Aug	60.67	60.85	59.35	59.55
Feb	69.57	69.70	67.05	67.95
March	69.10	69.40	68.50	67.50
May	70.00	70.00	68.65	68.60
July	69.80	70.00	69.20	68.90
Aug	69.00	66.00	68.00	67.70

SPOT PRICES—Chicago loose lard 18.00 (18.00) cents per pound. New York tin 574.0-576.0 (567.0-570.0) cents per pound.

SOYABEANS 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
July	572.4	573.0	560.4	557.0
Aug	568.6	570.0	554.0	550.6
Sept	568.6	569.0	556.0	544.4
Nov	572.4	572.0	553.0	547.6
Jan	581.5	583.0	559.0	558.0
Mar	591.0	592.0	573.4	568.0
May	592.2	599.4	588.0	575.0
July	602.4	602.4	592.0	574.0
Aug	590.0	—	—	576.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	124.7	124.7	121.5	120.2
Aug	127.5	129.0	125.3	122.4
Sept	131.5	132.0	127.0	125.0
Oct	132.8	133.8	129.6	128.4
Dec	138.9	139.3	135.0	132.7
Jan	138.2	137.3	136.0	134.6
March	146.0	146.0	140.4	138.8
May	149.2	—	—	141.0
July	152.0	152.0	149.5	140.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
July	29.61	29.75	29.50	29.34
Aug	28.56	29.35	27.95	27.83
Sept	27.22	21.50	26.95	26.83
Oct	26.56	26.70	26.10	26.01
Dec	25.95	26.00	25.43	25.26
Jan	25.55	25.70	25.10	24.96
March	25.50	25.50	25.00	24.85
May	25.30	25.30	24.97	24.70
July	24.60	24.60	24.60	24.25
Aug	24.55	—	—	24.05

WHEAT 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
July	317.0	318.0	314.2	313.4
Sept	319.0	321.0	317.0	316.4
Dec	325.6	327.6	322.6	322.2
Mar	326.0	327.4	323.0	322.0
May	314.4	315.4	312.2	317.0
July	299.0	300.0	298.0	297.4

Animal products supply gap forecast to widen

BY MARY CHERRY

DEMAND for the principal livestock products — meat, milk and eggs — will increasingly exceed supply in many Third World countries, according to a report* by the International Food Policy Research Institute.

"Unless the large gaps projected between supply and demand are closed through increased production, trade, or aid, prices of livestock products will rise, with possible adverse effects on low-income consumers. In countries where foreign exchange constraints prohibit large-scale imports, policy efforts should be directed to accelerating domestic output of livestock products," says the report.

"In several of the Third World countries, potential seems to exist for such rapid growth, either through development of commercial or semi-commercial livestock enterprises in peri-urban areas or through adoption of an equity-orientated labour-intensive rural production strategy based on the adoption of scientific technology."

The report is based on a study of past trends in the production, consumption and trade of meat, milk and eggs in 104 developing countries (excluding China) and covered the four regions — Asia, North Africa/Middle East, Sub-Saharan Africa and Latin America. The main periods studied were 1961-77 for output and 1966-77 for trends in incomes.

The authors point out that, if the 1966-77 trends in incomes continue, projections of production and consumption to 1990 indicate that the gap between output and demand for the 104 countries could reach 8m tonnes of meat, 35m tonnes of milk, and about 300,000 tonnes of eggs. Except for eggs in Latin America, all of the regions are expected to have deficits.

By the year 2000 the deficit in meat could rise to 21m tonnes and that in milk to 64m tonnes; the supply and demand for eggs may be in balance.

However, incomes in the developing regions studied have showed slower growth in the 1980s than in the 1966-77 period on which these projections are based so the report gives alternative projections based on 25 per cent less growth in per caput income. These suggest that, if production trends remain on target, the projected gaps might be of the lower order of 10m tonnes of meat and 43m tonnes of milk.

* *Livestock Products in the Third World: Past Trends and Projections to 1990 and 2000, by J. S. Sarma and Patrick Yeung.*

LONDON STOCK EXCHANGE

Equity leaders well below best but market continues its recovery movement

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
June 17	June 27	June 28	July 8
July 1	July 11	July 12	July 22
July 15	July 25	July 26	Aug 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

The two remaining important issues adversely influencing the London equity market were both resolved yesterday, although not without confusion and some trepidation.

Reports in the morning Press that only 20 per cent of Hanson Trust's big new issue of shares had been left with the underwriters sent stock values sharply higher at the opening. But the initial enthusiasm quickly evaporated when these reports proved to be incorrect. The company later issued a statement which revealed shareholders' applications for only 50 per cent of the issue and blamed the over-estimate on registration and postal problems.

The accompanying news that the rump of the issue had been successfully placed with a restricted number of institutional investors, which were believed to include the Kuwait Investment Office, failed to assuage the market's disappointment and it settled down to await the last of the current round of trading statements from leading Electricals.

Annual profits of **Thorn EMI** were below the most pessimistic forecasts but the statement on current trading was reassuring. Investors were obviously relieved but interest had by that time waned and the share price gave ground after conclusion of the group's annual meeting.

Other blue chips followed the decline with international stocks affected by afternoon weakness in the dollar, which reflected disappointing employment data, and a consequent sharp gain in sterling. The overall volatile market session saw the FT Ordinary share index start 13 points higher but close only 3.8 up on the day at 955.7. This represents a recovery on the week of 17.1.

Far Eastern and other overseas support of Gilt-edged securities was encouraged by the pound's latest strength. Domestic investors' thoughts turned to the possibility of cheaper money following a fall in the key three-month interbank rate in London money markets. Longer-dated Gilts enjoyed the bulk of the demand and selected issues showed rises extending to ⅜. The shorts were only marginally better.

A rising market throughout the week in response to broker's circulars forecasting bumper interim profits when the dividend season starts later this month, clearing banks continued their progress. Buyers again found stock in short supply and NatWest, which is due to report half-yearly results on July 30, touched a 1985 peak of 715p in the early stages before easing to close 18 up on the day and 53 better on the week at 708p. Barclays ended 8 dearer at 408p, after 415p, while Lloyds hardened a few pence to 408p, after 415p, and Midland added 2 at 390p, after 400p. Elsewhere, First National Finance Corporation rose 2½ to 98p on Press comment; the Provident Mutual Life Association revealed yesterday that it holds a 6 per cent stake in the company. Smaller-priced Discount Houses came in for support with Clive 2 up at 41p and Smith St Aubyn 3 higher at 43p.

Composite Insurances ended the week quietly firm. Royals put on 5 more to 690p as did General Accident to 628p and GRE to 718p. Life issues revived with Prudential notable for a gain of 20 to 660p and Equity and Law put on 7 to 245p.

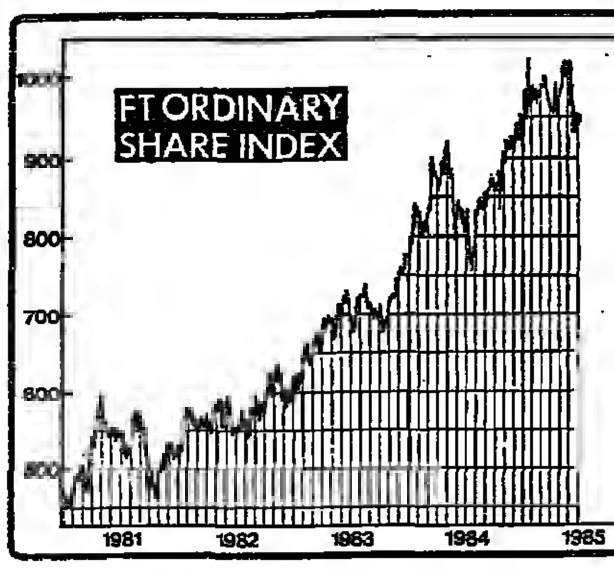
The latest debutant to the Unlisted Securities Market ATA Selection eased to 58p before closing unchanged on the day at 60p. This compares with the placing price of 59p which was incorrectly stated yesterday as 69p.

Thoughts that the unwelcome bid from Guinness will escape a reference to the Monopolies Commission stimulated fresh speculative demand of Arthur Bell which spurted to 245p before settling 10 dearer on balance at 240p; Guinness hardened 3 to 246p. Distillers also attracted buyers and improved 4 to 299p, after 300p; the annual results are scheduled for July 17. Occasional support was noted for selected Regional breweries. Buckleys, still buoyed by talk of Nazmu Virani acquiring a stake, touched a new 1985 peak of 67p before settling 2 better on the day and 15 up on the week at 65p. Greene King rose 8 to 168p as Press comment in the wake of the preliminary figures highlighted the company's attractiveness to a potential bidder. Elsewhere, cider concern H. P. Bulmer put on a few pence to 143p ahead of next Wednesday's full-year figures.

Building issues showed a little more life after the recent quiet spell. Speculative demand amid vague talk that the company had received an outstanding payment for a Sudanese contract enlivened McAlpine which gained 10 to 254p. Taylor Woodrow, reflecting hopes of a successful conclusion to its rights issue, advanced 12 to 419p. Tarmac improved 10 to 298p and gains of around 5 were recorded in Amec, 348p, and Redland, 276p. IDC featured a *jump of 79 to* 265p on news of the agreed share exchange offer from Matthew Hall; the latter hardened 3 to 156p. Elsewhere, Magnet and Southerns encountered selling ahead of next Wednesday's preliminary statement and gave up 6 to 124p.

Among Chemicals, speculative activity accompanied by bid talk left Yorkshire 13 dearer at 78p. Occasional support lifted Anchor 5 to 190p, but ICI settled a couple of pence cheaper a 747p, after touching 760p initially.

After a promising start, business in leading Stores contracted sharply and final movements were usually restricted to a couple of pence either way. Debenhams however, were again an exception, and rose 6 to 387p after the official close, while revived interest was also noted for Habitat Mothercare, 10 dearer for a two-day advance of 28 at 392p. It was announced earlier that House of Fraser now controls 9.38 per cent of Debenhams. Woolworth eased 3 to 387p, after 392p, as a subsidiary of Rosehaugh placed over 5m Woolworth shares through the market. Secondary counters displayed modest gains where altered. Mail-orders made fresh progress under the lead of Freemans, 4 up for a rise on the week of 24 at 238p. Grattan also improved 4, to 250p, after 254p, while Empire hardened 2 to 124p. Bentalls, 95, J. Hepworth, 204p, and W. H. Smith A, 226p, all firmed around 4.



Lower at 338p immediately in front of the results, Thorn EMI dropped to 325p on news of the near-31 per cent annual profits contraction, but rebounded smartly to the overnight level of 344p by the "house" close. After-hours, however, the shares succumbed to renewed selling and finished the day a further 28 down and 39 lower on the week at 316p. Other hard-pressed Electrical leaders went higher on technical influences. Racal rebounded 8 to 136p and BICC improved 5 to 198p, while GEC put on 4 to 162p and BT 2 to 170p. Plessey ended 2 dearer at 126p, after 130p: the company yesterday announced the closure of its Huyton factory, affecting some 700 jobs. STC moved between extremes of 114p and 104p before closing a couple of pence off at 108p. Secondary issues were featured by a fall of 58 to 105p in Logica following the announcement to make severe cut-backs at two office automation subsidiaries, Logica VTS Ltd (UK) and Intelligent Technologies International Corporation of the U.S., because large losses have been incurred by both. Pressac, on the other hand, moved up 5 to 88p and Electrocomponents added 8 at 260p.

Movements in the Engineering sector rarely exceeded a few pence either way but Vickers, the subject of speculative activity earlier in the week on rumours of a fresh stake build-up, reacted 7 to 288p. Among other leaders, Hawker settled a couple of pence firmer at 407p, after touching 412p initially.

Foods ended the week with a flourish. Among manufacturers, Rowntree Mackintosh firmed 10 to 395p and Tate and Lyle added 5 to 470p. Northern Foods rose 6 to 246p following the annual report and Cadbury Schweppes hardened a penny to 158p. Elsewhere, J. Sainsbury put on 6 to 308p, while Tesco, at 247p, and Unigate, at 180p, improved 5 apiece. Argyll appreciated 13 to 303p and Batleys of Yorkshire improved 3 to 110p; the latter's annual results are scheduled for Monday.

In Hotel, Grand Metropolitan improved 4 more to 300p.

Stimulated afresh by a Press article, Reed International encountered demand and rose afresh to 657p before profit-taking clipped the rise to one of 11 at 644p. Other leading miscellaneous industrial leaders closed with small mixed movements after a firm start. BTR, up to 354p initially, ended 5 lower at 345p, while Beecham settled without alteration at 323p, after 328p. Hanson Trust ended 3 better at 189p, after 192p. Elsewhere, Cole Group remained in the limelight rising 8 further to 218p, after 220p, following news that Low and Bonar had acquired a 7.3 per cent stake in the company. Earlier in the week, Cole were the subject of a counter-offer from Harton Group. Original bidders closed unaltered at 98p, while Low and Bonar advanced 10 to 253p. Satisfactory preliminary results left Jacksons Bourne End 7 to the good at 230p, but renewed selling took Pentland down to 775p before a close of 830p, down 40 on the day. Thermal Syndicate hardened 5 more to 288p, while other bright spots included Brammer, 10 higher at 303p, and AGB Research, 12 up at 207p.

Motors finished the week on a subdued note. AE attracted scattered support and rallied 6 to 146p, but Lucas, up to 320p earlier, closed a net penny cheaper at 315p. In Distributors, Lex Service, dull this week reflecting concern over its U.S. electronics business, recovered 5 to 172p—still down 22 on the week.

The favourable reception afforded the proposed buy-out of a number of minority interests lifted British and Commonwealth Shipping 25 to 260p; Caledonia advanced a like amount to 235p. Other Shippings traded close to overnight positions, although sporadic interest lifted Ocean Transport a couple of pence to 163p.

An otherwise uneventful session in Textiles was enlivened after-hour's by the emergence of fresh speculative buying of perennial takeover candidate Carpets International, finally 8 dearer at 57p.

Tobaccos were irregular. Imps hardened a few pence to 186p, but Rothmans, annual results due next Thursday, met nervous small selling and dipped 4 to 156p.
etaoin etaoi etaoi etaoi chfrd—

The oil sector provided a number of firm features in the absence of any hard news from the full meeting of Opec oil ministers which began yesterday in Vienna.

The encouraging drilling report announced by Rancer Oil from the North Sea gas exploration well 4/26-1A boosted Ranger's shares 39 to 274p. A further flurry of buying interest lifted LASMO 13 to 271p reflecting its 2.5 per cent stake in the well. BP and Britoil added 3 apiece to 528p and 213p respectively.

Burmah Oil revived strongly and settled at the day's best of 260p, up 17, reflecting vague takeover rumours.

Among secondary oils Falcon Resources picked up to close 6 to the good at 65p and Irish explorer Osceola Hydrocarbons attracted support to end the day 6 better at 34p. Bristol Oil & Minerals dipped 3 to 19p following the qualification of its 1984 accounts by auditors Price Waterhouse.

Commodity traders Gill and Duffus advanced 6 to 171p following the announcement that the bid from Dalgety, 7 up at 412p, will not be referred to the Monopolies Commission.

Another heartening performance by the bullion price encouraged a much better showing by mining markets at the end of a difficult week. Bullion gradually edged up to touch $312 an ounce before settling a net $1 firmer at $311.75 for a week's decline of $

South African Golds opened on a quietly firm note and thereafter improved in the wake of sustained London and Continental buying interest in a market short of stock.

The Gold Mines index posted a 5.1 rise at 410.8, thereby reducing the fall on the week to one of 14.3.

Randfontein were the best performer in the leading group and advanced £1½ to £76½, but in general rises were usually confined to around a half-point, as in Kloof, £30¾, Buffels, £27¼, Western Deep, £32¾ and Western Holdings, £22⅞.

South African Financials mirrored the improvement in Golds.—De Beers added 5 at 402p and Gold Fields of South Africa hardened ¼ to £12¼. UK Financials were highlighted by the sustained strength of Rio Tinto-Zinc which moved up 14 to 572p, for a week's rise of 22, partly reflecting a zinc shortage. Consolidated Gold Fields put on 3 to 505p.

Platinums staged a minor recovery. Rustenburg advanced 17 to 607p, Impala rose 10 to 712p and Lydenburg added 8 at 503p.

Australians continued to respond to the firmer trend evident in domestic markets during the past few days. Golds were additionally boosted by the latest rise in the metal price and Gold Mines of Kalgoorlie and Central Norseman Gold put on 10 apiece at 430p and 378p respectively. Among the second-liners improvements of 4 were common to Sons of Gwalia, 96p, and Carr Boyd, 72p. Gem Exploration remained a speculative favourite and settled a further 6 to the good at a year's best of 110p.

Traded Options finished a relatively quiet week by recording 4,893 calls and 2,074 puts. Hanson Trust were to the fore following substantial hedging operations with 1,127 calls transacted, the September 195's and 215's accounting for 484 and 307 trades respectively; Hanson also recorded 540 put contracts. A lively two-way business in Racal saw 491 calls and 219 puts done, while interest was also evident for GEC calls, the October 200's contributing 490 trades.

Trafalgar Housing slips back into red

Trafalgar Housing, the debt-burdened property developer, returned to net losses in the year to March despite more than trebling its turnover, Our Financial Staff writes.

The attributable deficit of HK$2.88m (U.S.$371,000) compared with profits the previous year of HK$15.20m. The 1983-84 result was struck, however after extraordinary credits of HK$43.88m. Turnover was HK$197.75m against HK$58.48m.

Trafalgar Housing, which has no connection with Trafalgar House of the UK, has been marketing Macao property as a means for Hong Kong investors to obtain Portuguese residence rights.

FINANCIAL TIMES STOCK INDICES

	July 5	July 4	July 3	July 2	July 1	June 28	year ago
Government Secs.	82.38	82.07	82.03	81.90	81.92	81.70	77.79
Fixed Interest	86.95	86.85	86.78	86.74	86.97	89.38	82.25
Ordinary	955.7	951.9	942.5	954.3	952.6	936.6	919.5
Gold Mines	410.8	405.7	407.2	406.9	420.9	435.1	634.9
Ord. Div. Yield	4.94	4.86	4.01	4.85	4.87	4.93	4.84
Earnings Yld. % (full)	12.14	12.18	12.31	12.17	12.20	12.39	11.24
P/E Ratio (net) (*)	10.06	10.03	8.98	10.04	10.01	9.88	10.70
Total bargains (Est.)	19,014	19,469	20,093	21,090	22,190	23,628	16,843
Equity turnover £m.	—	533.62	296.70	550.78	268.20	370.20	213.88
Equity bargains	—	14,012	15,850	10,108	20,312	20,165	12,351
Shares traded (mil.)	—	150.6	186.1	210.5	184.1	211.0	126.9

10 am 954.0. 11 am 959.2. Noon 956.8. 1 pm 958.1.
2 pm 951.0. 3 pm 957.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 0.74.

† Corrected.

HIGHS AND LOWS

S.E. ACTIVITY INDICES

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low		July 4	July 3
Govt. Secs.	82.38 (5/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	115.6	112.8
Fixed Int.	86.95 (5/7)	82.17 (28/1)	150.4 (28/11/47)	50.55 (6/1/75)	Equities Bargains	96.6	102.6
					Equities Value	652.1	578.5
Ordinary	1024.5 (22/1)	828.7 (5/1)	1024.3 (22/1/85)	49.4 (26/6/40)	5 day Average Gilt Edged Bargains	117.7	116.6
Gold Mines	530.9 (15/4)	405.7 (4/7)	734.7 (15/2/83)	43.3 (26/10/71)	Equities Bargains	116.9	121.9
					Equities Value	657.8	682.4

LEADERS AND LAGGARDS

Percentage changes since December 31 1984 based on Thursday July 4 1985

Insurance (Life)	+23.28	Food Retailing	+ 2.23
Insurance (Composite)	+18.35	Merchant Banks	+ 1.84
Newspapers, Publishing	+16.30	All-Share Index	+ 1.55
Telephone Networks	+13.22	Health and H'sehold Products	+ 1.13
Packaging and Paper	+12.68	Insurance Brokers	+ 1.08
Shipping and Transport	+12.17	500 Share Index	+ 0.89
Banks	+11.73	Overseas Traders	+ 0.39
Stores	+11.62	Contracting, Construction	+ 0.39
Motors	+11.14	Industrial Group	− 0.07
Metals and Metal Forming	+10.30	Chemicals	− 0.15
Other Industrial Materials	+10.20	Investment Trusts	− 0.50
Textiles	+ 9.00	Building Materials	− 2.85
Financial Group	+ 7.33	Mining Finance	− 3.04
Brewers and Distillers	+ 6.54	Tobaccos	− 5.40
Office Equipment	+ 6.40	Property	− 5.94
Other Groups	+ 5.97	Leisure	−10.25
Oils	+ 5.69	Capital Goods	−12.06
Consumer Groups	+ 3.78	Gold Mines Index	−16.28
Mechanical Engineering	+ 2.38	Electricals	−16.89
Food Manufacturing	+ 2.30	Electronics	−35.00

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4
Aug 5	Aug 16	Nov 7	Nov 18

For rate indications see end of Share Information Service

Call options were taken out in STC, Hampton Trust, BSG International, Pentland Industries, New London Oil, Habit Precision Engineering, Racal, Bryson, GEC, Westland, Wayne Kerr, Sherwood Computer and Domino Printing Sciences. A put was done in Minet, and a double in C. H. Bailey.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (48)

BRITISH FUNDS (15)
INTL. BANK & O'SEAS GOVT. STLG. ISSUES (1)
Asian Dev. 8½ 10¼pcLn 2009
CORPORATION LOANS (2)
GLC 6¾pc 1990-92 Herts 5½pc 1985-87
BANKS (4)
Barclays Midland Bank
Lloyds Bank NatWest Bank
BREWERS (1)
Buckley's Brewery
BUILDINGS (2)
Milbury Sharpe & Fisher
CHEMICALS (2)
BASF AG Hoechst
STORES (1)
Executex Clothes
ELECTRICALS (1)
Volex
ENGINEERING (1)
Sarclo Eng.
FOODS (2)
Cullen's Hldgs Unigate
INDUSTRIALS (4)
Capn Inds Lamont Hldgs
Cole Reed Intl
INSURANCE (2)
Royal Taisho Marine
NEWSPAPERS (2)
Collins (Wm.) Do A
PROPERTY (1)
Trencherwood
TRUSTS (1)
Scot. & Merc. A
OILS (3)
Lennard Oil Offshore Oil
Magnet Group
OVERSEAS TRADERS (1)
Hesco Invs.
MINES (2)
Wankie Colliery Gem Exp. & Mnrls.

NEW LOWS (33)

CANADIANS (1)
Inco
BUILDINGS (1)
Dunton
ELECTRICALS (11)
A. & G. Sec. Elecs. Sarasota Technology
Checkpoint Europe Shorrock
Logica Tolomatic
Mellerware Intl Thorn EMI
Oceonics United Leasing
Powerline Intl
INDUSTRIALS (7)
Baynes (Charles) French (Thos.)
Berisfords Stalls. 8pc, 10pc
Elbief Cnv. Red. Prf.
Flexello Castors & W. Vinten
PROPERTY (1)
Haslemere Estates
SHIPPING (1)
Hunting Gibson
TOBACCOS (1)
Rothmans B
TRUSTS (1)
New Pnr Bros
OILS (3)
Bula Resources Tuskar Resources
Total-Cie Fr. Pet. B
PLANTATIONS (2)
Cons. Plants. Harrisons Malay. Plants.
MINES (4)
Libanon Anglo Amer. Gold
Western Areas Meekatharra Minerals

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	78	2	28	245	107	188
Corpns Dom & Foreign Bonds	18	—	51	68	14	305
Industrials	343	125	934	1,622	1,210	4,418
Properties	152	26	365	645	386	1,734
Oils	28	13	89	144	105	386
Plantations	1	2	15	5	10	66
Mines	61	22	56	181	248	466
Others	25	8	204	275	290	623
Totals	714	196	1,649	5,243	2,379	9,192

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	closing price	Day's change	Stock	closing price	Day's change
Abbey Life	230	+ 2	Lloyds Bank	408	+ 3
Bell (Arthur)	240	+10	Pentland Inds	830	−40
Burmah Oil	260	+17	Plessey	126	+ 2
General Accident	628	+ 5	STC	108	− 2
Hanson Trust	189	+ 3	TSL Thermal Synd	288	+ 5
Legal and General	630	+ 7	Thorn EMI	316	−28

THURSDAYS ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Thorn EMI	20	344	+15	GEC	12	158	—
STC	19	110	− 2	ICI	12	749	+ 3
Burton	17	461	+15	Lex Service	12	167	−10
Debenhams	14	381	+23	Plessey	12	124	+ 6
Laporte Inds	13	310	+ 4	Racal Elects	12	128	+ 2
NatWest Bank	13	690	+17	RTZ	12	558	+ 8
BTR	12	350	+ 7	Royal Insce	12	685	+22

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Thorn EMI	129	344	−14	GEC	85	158	− 9
STC	115	110	−28	BTR	82	350	+17
ICI	101	749	+10	Brit. Telecom	80	163xd	—
Salvesen (C.)	97	119	†+13	Grand Met	76	296	+13
Debenhams	88	381	+29	Dearham	74	2?2	+ 8
Pentland Inds	87	870	−70	Abbey Life	73	228	+ 5
Racal Elects	87	128xd	−15½	Plessey	69	124	—

† Based on Monday's opening price

S. E. DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—K

[illegible]

L—M

[illegible]

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STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ● Bargains done the previous day. Δ Bargains done with non-members or executed in overseas markets.

N—O—P

Q—R—S

T—U—V

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

UNLISTED SECURITIES MARKET

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

(By permission of the Stock Exchange Council)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Allied Dunbar Assurance PLC

Allied Dunbar Ctr, Swindon SN1 1EL.

Fixed Int. Dep. Acc.	205.1	215.9		
Equity Acc.	499.1	525.4		
Property Acc.	303.8	319.9		
Far East Acc.	99.8	105.1		
Managed Cap.	264.7	278.7		
Managed Acc.	418.0	440.0		
O'seas Earnings Acc.	327.5	344.8		
Gilt Edged Acc.	232.7	245.0		
American Equity Acc.	308.5	324.8		
American Man. Acc.	152.6	160.7		
American Prop Acc.	118.3	124.6		
Pen.F.I.Dep.Cap.	224.5	236.4		
Pen.F.I.Dep.Acc.	335.0	352.7		
Pen. Prop. Cap.	370.8	390.4		
Pen. Prop. Acc.	611.3	643.5		
Pen. Man. Cap.	512.4	539.4		
Pen. Man. Acc.	843.8	888.3		
Pen. Gilt Edg. Cap.	242.9	255.7		
Pen. Gilt Edg. Acc.	326.9	344.2		
Pen. Eq. Cap.	782.8	824.1		
Pen. Eq. Acc.	977.3	1028.8		
Pen. Am. Eq Cap.	130.4	137.3		
Pen. Acc. Eq Acc.	137.2	144.5		
Pen. Far East Cap.	109.5	115.3		
Pen. Far East Acc.	115.0	121.1		
Pen. B.S. Cap.	233.4	245.1		
Pen. B.S. Acc.	339.0	356.0		
Pen. D.A.F. Cap.	187.9	197.9		
Pen. D.A.F. Acc.	243.1	[illegible]		
Pen. Mortgage Cap.	105.7	[illegible]		
Pen. Mortgage Acc.	111.3	[illegible]		

Ambassador Life Ass. Co. Ltd.

80 Holdenhurst Rd, Bournemouth BH8 8AL

Barclays Life Assur. Co. Ltd.

252 Romford Road, E7.

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd

Canada Life Group

Cannon Assurance Ltd.

Chieftain Assurance Funds

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd.

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co.

50, Chancery Lane, WC2A 1HE.

Continental Life Insurance PLC

Cornhill Insurance PLC

Croft & Commerce Life Ass. Ltd.

Criterion Assurance Group

Crown Financial Management Ltd.

Crusader Insurance PLC

Dominion Financial Management

Eagle Star Insur/Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd.

Framlington Life Insurance Ltd.

Friends' Provident Life Office

G.T. Management Ltd.

General Accident Linked Life Assurance

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. PLC

Gresham Life Assurance Co. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd.

Irish Life Assurance Co. PLC.

The LAS Group

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General (U.A.)—Contd.

Legal & General Prop. Fd. Mgrs. Ltd.

Liberty Life Assurance Co. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd

London Life

London & Manchester Group

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Pensions Ltd.

National Mutual Life Ass. Soc.

National Mutual of Australasia

National Provident Institution

New Zealand Insurance PLC

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Property Growth Pensions & Annuities Ltd.

Providence Capital Life Ass. Co. Ltd.

Provident Life Assoc of London Ltd

Provident Mutual Life Ass. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Perpetual Unit Trust Mngmt.

Prolific Unit Trusts

Providence Capital Fd. Mgrs. Ltd.

Prudential Unit Trust Mngrs Ltd.

Quilter Management Co. Ltd.

Reed Stenhouse Inv Services Ltd

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

N.M. Rothschild Asset Management

Rowan Unit Trust Mngt.

Royal Life Fd. Mgmt. Ltd.

Royal London Unit Tst Mgrs Ltd.

Royal Trust Can. Fd. Mgt. Ltd.

SKG Management Limited

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Life Investments

Scottish Mutual Investment Managers Ltd.

Scottish Provident Inv. Mgt. Ltd.

Scottish Unit Managers

Scottish Widows' Fund Management

Standard Life Trust Mngt. Ltd.

Stewart Ivory Unit Trust Mgrs Ltd.

Sun Alliance Fund Management Ltd.

Sun Life Trust Mngmt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.

TSB Unit Trusts

3i & Target Fund Mgrs Ltd

Target Trust Mngrs. Ltd.

Temple Bar Unit Trust Mgrs Ltd

Touche, Remnant Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

Unit Trust Account & Mgmt. Ltd.

Vanguard Trust Managers Ltd.

Wardley Unit Trust Managers Ltd

Waverley Asset Management Ltd

WestAven Unit Trust Managers Limited

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd.

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd.

Aetna Life Insurance Co. Ltd.

Albany Life Assurance Co. Ltd.

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Fund NAV $11.27

World Wide Growth Management¢
10a Boulevard Royal, Luxembourg
Worldwide Gth Fd $12.97
Inv. Adv.: M & G. Inv. Mngt. Ltd, London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	34.13	—	+0.01	—
Dynamic Gwth Fd	60.23	—	+0.03	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.2	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fnd	12.91	9.50	13.58	6mth
7-Day Fnd	12.34	9.27	13.05	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.36	9.24	12.64	6-Mth
7-day Fnd	12.36	9.24	12.64	6-Mth
Dollar	7.00	—	—	6-Mth
Money Mngt. Acc.	12.125	9.06	13.59	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8494				
Full Service Chq Acc.	12.25	8.75	13.09	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	12.375	9.25	12.81	Qtr
Mth Int. Chq.	12.25	9.16	13.90	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.90	8.59	13.22	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.00	8.875	11.29	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.06	9.03	13.4269	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.25	9.16	11.89	Mth
U.S. Dollar	7.00	7.00	7.23	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	—	10.00	14.83	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	12.25	9.16	13.81	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc.	12.50	9.34	14.19	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.90	8.89	11.23	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
High Int Cheque	12.00	9.00	—	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	12.375	9.25	11.23	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	12.10	9.04	11.48	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	11.77	8.80	13.17	Qtr
Provincial Trust (formerly Choulartons) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc.	12.75	9.53	14.50	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	12.00	8.97	13.44	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	12.04	9.00	12.45	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc.	11.28	9.17	13.77	Qtr
Money Acc.	12.207	9.125	13.68	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	12.20	9.12	11.84	Mth
Over £10,000	12.43	9.31	14.14	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 5E 0752 24141				
High Int Chq Acc.	12.44	9.48	13.31	Qtr

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayer—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ¢ Yield column shows annualised rates of NAV increase.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	26	Midland Bk	30
BAT	32	N.E.I.	8
BOC Grp.	25	Nat West Bk	60
BSR	16	P & O Dfd	35
BTR	52	Plessey	17
Babcock	14	Polly Peck	26
Barclays	48	Racal Elect	18
Beecham	32	RHM	11
Blue Circle	45	Rank Org Ord	32
Boots	15	Reed Intnl	50
Bowaters	20	Sears	8
Brit Aerospace	33	TI	20
Brit. Telecom	11	Tesco	20
Brown (J.)	3	Thorn EMI	35
Burton Ord	39	Trust Houses	13
Cadburys	14	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
Dunlop	6	Cap Counties	18
FNFC	8½	Land Secs	25
Gen Accident	45	MEPC	28
Gen Electric	17	Peachey	22
Glaxo	65	Samuel Props	14
Grand Met	25	**Oils**	
GUS 'A'	50	Brit. Oil & Min	4
Guardian	60	Brit Petroleum	42
GKN	17	Burmah Oil	18
Hanson Tst.	17½	Charterhall	6
Hawker Sidd.	38	Premier	5
House of Fraser	30	Shell	60
ICI	60	Tricentrol	18
'Imps'	13	Ultramar	19
Jaguar	28	**Mines**	
Ladbroke	24	Charter Cons	18
Legal & Gen	50	Cons Gold	44
Lex Service	28	Lonrho	14
Lloyds Bank	45	Rio T Zinc	56
Lucas Inds	25		
Marks & Spencer	11		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	1985 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99 3/16	97¼	Treas 8¾pcCnv '85	99 3/16	.....	8.81	12.70
101 3/16	99 7/16	Exch. 12¼pc 1985	99 13/16	.....	12.25	12.10
101 3/16	99 5/16	Exch. 11¾pc '86	99 13/16	−1/16	11.77	11.96
99⅞	97 3/16	Treas. 10pcCnv 1986	98⅝	+1/16	10.14	11.83
94⅞	92¼	Treas 3pc 1986	94⅝	.....	3.17	9.60
100	97½	Exch. 10½pc Cv '86	99⅛	.....	10.59	11.51
101⅞	99¼	Treas 12pc 1986	100½	.....	11.94	11.37
97 3/16	94⅜	Treas 8¾pc 1984-86‡‡	97 3/16xd	+1/16	8.71	11.16
105 3/16	102 3/16	Exch. 14pc 1986	103	+1/16	13.62	11.56
93⅛	87¼	Exch. 2½pc 1986	93⅛	.....	2.70	7.86
104 3/16	101¼	Exch. 13¼pc 1987	102⅝xd	+⅛	12.92	11.34
99½	96⅜	Treas 10¼pcCv '87	98 5/16	+⅛	10.40	11.28
91 5/16	85½	Exch 2½pc 1987	91⅜	+⅛	2.73	8.25
99 3/16	96¼	Exch. 10½pc 1987	98¾	+⅛	10.64	11.26
93⅝	89	Funding 6½pc '85-87‡‡	93 3/16	+1/16	6.98	10.70
98½	95½	Treas. 10pc 1987	97 13/16	+⅛	10.23	11.27
90⅛	84⅝	Treas 3pc 1987	90⅛xd	.....	3.33	8.43
102 5/16	99⅛	Treas. 12pc 1987	101 5/16	+⅛	11.84	11.22
93½	90⅛	Treas 7¾pc 1985-88‡‡	93¼xd	.....	8.31	10.84
98⅞	95⅝	Exch 10½pc '88	98⅜	+⅛	10.69	11.24
96 13/16	93⅛	Treas 9¾pc Cv '88	96 5/16	+1/16	10.13	11.25
86⅛	80	Transport 3pc '78-88	86⅛xd	.....	3.48	8.35
95⅞	91½	Treas. 9½pc '88	95 3/16	+⅛	9.98	11.26
101⅛	97½	Treas 11½pc 1989	100 3/16	+1/16	11.44	11.29
95 3/16	90⅜	Treas 9½pc Cnv. '89	94⅝	+⅛	10.04	11.26
80⅛	79	Treas 3pc 1989	80⅛	.....	3.74	9.24
98⅛	94	Treas 10½pc 1989	97⅜	+3/16	10.77	11.25
96 13/16	92	Exch 10pc 1989	95⅞xd	+⅛	10.44	11.31
99 13/16	95	Exch 11pc 1989	98⅞	+⅛	11.14	11.30
84⅜	79	Treas 5pc 1986-89	84⅜	.....	5.93	9.52
107½	103⅛	Treas 13pc 1990‡‡	106¾xd	+1/16	12.19	11.05
99 3/16	96 5/16	Exch 11pc 1990‡‡	98 11/16	+1/16	11.14	11.31
108⅛	100¾	Exch. 12½pc 1990	104 3/16	+⅛	11.97	11.24
75⅝	75⅛	Treas. 3pc 1990●	73⅞	+1/16	3.95	9.31
93	87¼	Treas 8¼pc 1987-90‡‡	90 [illegible]	[illegible]	9.15	10.86

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

1985 High	1985 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
104	79	Marley	80	+1	3.75	2.2	6.7	9.7
107	52	Marling Ind. 10p	91	.....	†d3.0	5.6	2.0	10.7
74	36	Marshall L'sy. 'A'	63	.....	2.4	4.9	5.4	4.5
77	61	Marshall's Universal	66	+1	2.0	1.4	4.3	(20.9)
86	78	Do. 7½pcCnRedPf £1	81xd	.....	7½%	—	13.2	—
22	22	Martin-Black	22d	.....	—	—	—	—
£97	£61	♥Matheson 7¾%	£95	.....	Q7¾%	2.3	8.5	—
35	26	✠Maxiprint 1p	32	+2	—	—	—	—
477	375	Metal Box £1	465	+1	17.25	3.1	5.3	7.0
170	136	Metal Closures	138	+1	6.7	2.0	6.9	8.6
17	9	✠Metal Sciences 2½p	11	.....	—	—	—	—
104	73	✠Midland Marts	83xd	+3	4.0	♦	6.9	♦
*93½	68	Mitchell Cotts	69	+½	t4.0	1.3	8.3	9.9
230	182	Morgan Crucible	207	.....	8.0	1.6	5.3	14.4
32½	22	✠Morris (W) F.A. 20p	31	.....	g0.5	♦	2.3	♦
110	91	Moss (Robt.) 10p	98	.....	3.0	2.5	4.4	10.8
81	68	Myson Grp 10p	71	+1	g2.5	3.4	5.0	13.3
329	214	✠NMW Computers	260	.....	h4.8	2.7	2.6	20.0
43	28	Nash Inds.	28	.....	‡2.5	1.5	‡	6.4
48	20	Neil & Spencer 10p	22	+1	‡—	—	—	6.6
44	14½	Newman Inds 10p	34	.....	—	—	—	(16.1)
44	18½	Do. 10pc Cm.Cnv.Pf.	33½	.....	10%	—	4.3	—
55	43	Nolton	47	.....	g1.1	4.5	3.3	7.9
183	146	Norcros	168	+4	8.6	2.2	7.6	9.1
67	50	Nu-Swift 5p	56	.....	3.0	1.6	7.7	10.7
111	68	Oakwood Grp.	95	–2	†d4.5	1.4	7.1	(13.0)
230	150	Office & Elect	220	.....	7.5	2.4	4.9	12.1
108	77	Oldacre 20p	88	+2	g4.0	2.6	7.1	7.1
58	37	✠Optometrics $0.01	46	–1	ndQ2c	—	3.4	48.9
495	312½	Oriflame £1	440	.....	23.4	1.8	5.3	10.4
18	15	Ovenstone 12½c	17	.....	g03.23c	1.9	7.5	7.0
£180	£158	Ozalid 9pc Cnv 87-92	£180	.....	Q9%	—	(5.0)	—
185	105	✠PCT Grp 10p	148xd	+5	g4.6	♦	4.8	♦
£14	£10¼	PLM 'B' Sk 25	£11¼	.....	Q21.6%	♦	4.7	♦
193	148	PSM Intl.	152	.....	g5.25	2.5	4.9	10.4
60	50	✠Pacific Sales 10p	57	–1	b2.4	2.2	6.0	(8.6)
204	165	Parker Knoll 'A'	175	.....	9.0	2.8	7.3	6.9
82	45	✠Parkfield Group 5p	80	–2	m0.8	—	1.8	—
80	37	✠Pavion Intl.	68	+2	—	—	—	—

[illegible]

LEISURE—Continued

1985 High	1985 Low	Stock	Price
283	228	First Leisure £1	279
69	51	GRA Group 5p	59
32	25	Grampian TV A 10p	26
145	117	HTV Non/Vtg.	130
143	100	Horizon	110
184	90	Insight	158
134	102	Intasun 10p	134
33	5	✠Intervsn Video 10p	7
232	178	Juliana's Hldgs 2p	178
268	217	LWT	252
65	55	Leisuretime Int 10p	56
162	146	Mngmt. Ag. M. 10p	162xd
383	155	✠Media Tech Int 20p	157
200	124	Medminster 10p	173
280	175	✠Miss World 10p	200
127½	74	Nationwide Leisure	75
39	15	✠Nimslo Int 20c	22
24¼	19½	✠Owners Abroad	28
53	38	Photax (Lon.)	48
24½	21½	✠P'cilly Radio NV 5p	22
90	30	✠Piccadilly Dnc St 10p	40
232	183	Pleasurama 5p	228
119	109	Do. 7pcCvCnvRedPf	118
96	77½	✠Pres Entertain 50p	85
65	28	✠Radio City 'A' NV	30
55	42	✠Radio Clyde N/V	45
63	37	Riley Leisure 10p	44
193	143	Saga Hols. 20p	152
£11¼	540	Samuelson Grp £1	£11
42	25	✠Sangers Photo 10p	37
202	138	✠Scantro 50p	160
156	128	Scott. TV 'A' 10p	136
505	319	SeeCo Inc $0.125	351
15	8	✠SelecTV 10p	9
140	25	✠Spectrum 5p	25
32	23	TSW 5p	27
342	108	TVS N/Vtg 10p	125
235	132	✠Television Svcs 50p	198
79	65	Tottenham Hotspur	66

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCES

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

[illegible]

MINES—Continued

[illegible]

Miscellaneous

1985 High	1985 Low	Stock	Price	+ or –	Div Net	C'vr	Gr's
120	70	♥Colby Res Corp.	85	....	—	—	—
550	450	Cons. Murch. 10c	475	.....	†Q100c	1.4	8.3
40	28	✠Conex Int. Ir10p	29	+1	—	—	—
215	125	Hampton Areas 10p	127	+2	3.75	♦	4.0
240	140	♥Highwood Res	140	....	—	—	—
£22½	£17⅞	Homestake Mining $1	£17¾		Q30c	—	1.1
310	190	♥McFinley Red Lake	220	+5	—	—	—
300	195	♥Musto Explorations	240	+5	—	—	—
55	25	♥New Sabine Res C$1	45		—	—	—
375	245	Northgate C$1	250	+5	—	—	—
685	550	RTZ	572	+14	20.0	2.7	5.0
£145½	£122	Do. 9½pcLn '95-2000	£123½	+1½	Q9½%	14.0	0.1
£14⅛	£10	♥Tara Explor $1	£10⅝	....	—	—	—

NOTES

Unless otherwise indicated, prices and net Dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared Distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♠ Merger bid or reorganisation in progress.
- 4 Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ǁ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	100	.....	Arnott	165	....
Craig & Rose £1	700xd	.....	CPI Hldgs	55	....
Finlay Pkg. 5p	61	.....	Carroll Inds.	130xd	+1
Higsons Brew	225	.....	Dublin Gas	53	....
Holt (Jos) 25p	725	.....	Hall (R. & H.)	55	....
IoM Stm. £1	80	.....	Helton Hldgs.	17	+2
IRISH			Irish Ropes	46	....
Fund 11¾% 1988	£99¼	+¼	Jacob (W. & R.)	80	....
Nat. 9¾% 84/89	£94¼xd	..	Unidare	87	....
Fin. 13% 97/02	£104⅝	..			

"Recent Issues" and "Rights" Page 14

FINANCIAL TIMES

Saturday July 6 1985

Plessey to cut 700 jobs at Huyton

BY NICK GARNETT, NORTHERN CORRESPONDENT

PLESSEY is closing its telephone exchange manufacturing plant at Huyton, near Liverpool, with the loss of 700 jobs as part of the rationalisation programme in its telecommunication division.

Huyton manufactures the ageing semi-electronic TXE 4 exchange equipment, for which Plessey last received an order last year. The company said yesterday that British Telecom's decision not to proceed with orders for the company's new call-logging equipment, which enhances the capability of existing exchanges, was one reason for the closure.

As part of Plessey's reorganisation of telecommunication manufacturing sites, the company said production of the fully electronic System X exchange, carried out at its Edge Lane factory in Liverpool and at Chorley, Lancs., would be concentrated at Edge Lane, where £50m has been invested over the past five years.

Production of the company's new pay-phone, which has been partly carried out at Huyton, will be based at Chorley, with engineering and design work done at Edge Lane. The payphone activity is being formed into a specialist business, which will be called Plessey Telecommunication Products.

The decision to close the Huyton plant is another blow for the Greater Liverpool area, which now has an unemployment rate of 21 per cent. Plessey said it would take "all practical steps" to explore opportunities for alternative employment.

Plessey's telecommunication division, which will employ 11,800 on eight sites in the UK, after the latest job cuts take effect, has reduced its workforce by half in the past 10 years.

The division, which posted a £76.5m profit in the year to March — about £2m down on the previous year — closed its public telephone exchange manufacturing plant at Wigan last year with the loss of 240 jobs.

It also ceased production at the same time of telephone exchanges at South Shields with the loss of 600 jobs, and later announced that it was cutting its Edge Lane labour force from 3,500 to about 2,700.

Job losses in telecommunications exchange manufacturing have been partly caused by the move away from mechanical and electro-mechanical systems to digital equipment which demands less manufacturing labour.

Over the past few years, two systems manufactured by Plessey, Crossbar and TXE 4 have effectively gone out of production. The last Strowger system was sold to British Telecom by Plessey in the spring.

The company has also been affected by the length of time it has taken to get System X running and the paucity of export orders it has so far secured.

Forgemaster jobs cut, Page 4

Labour to draw up new Plan for Coal

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE Labour Party is to draw up a new expansionist Plan for Coal in consultation with the three mining unions.

The decision comes as the National Coal Board puts the finishing touches to its revised plan, which encompases greater reduction in capacity than that envisaged by the original 1974 plan.

Mr Stan Orme, shadow Energy Secretary told the final session of the National Union of Mineworkers conference in Sheffield yesterday he wanted a new tripartite agreement "on the stocks as something ready so that we can start work immediately a Labour government is returned."

He will write to the three unions—the NUM, the pit deputies' union NACODS and the British Association of Colliery Management—to begin talks as soon as possible.

The move will pose some difficulties for the BACM—especially since Mr Arthur Scargill, the NUM president, earlier this week called for a Labour Government to dismiss large numbers of its 15,000 members for their acts during the strike.

Mr Scargill made it clear yesterday that the union would push hard at the TUC and Labour Party conferences to write into the policy of both organisations that a Labour Government would reinstate all sacked miners, and reimburse all fines and other financial losses — totalling several millions of pounds—suffered by the NUM during the strike.

An NUM motion to both conferences "calls on a future Labour Government to legislate to provide the granting of a review of all jailed miners as a result of the dispute; guaranteeing the reinstatement of all miners sacked as a result of activities arising from the dispute."

It also demands "reimbursement to the NUM and all other unions of all monies confiscated as a result of fines, sequestration receivership, legal and other costs."

This motion, toned down by the executive last week from an even harder line proposed by Mr Scargill demanding an amnesty for all NUM members, will still land Labour with a demand to give retrospective indemnity for illegal acts.

NO30—8/8½

Mr Orme warned the conference "If you don't help us to get a Labour Government elected, there isn't a chance of these policies being implemented and you would be facing cuts, and another Thatcher-type government irrespective of whether Mrs Thatcher is still Prime Minister. It would be a disaster for the coal industry."

Background, Page 5

Continued from Page 1

Thorn EMI

included its withdrawal from the dynamic memory chip market, for which Thorn EMI made an extraordinary charge of £21m.

Other substantial cuts, including redundancies, were planned, mostly in Inmos's U.S. operation. But there were no plans to shut its component plant in Colorado Springs.

Thorn EMI said it could continue Inmos's operations for another 18 months. It would consider seeking partners for the subsidiary, but only after its problems had been dealt with.

Sir Graham confirmed that Thorn EMI was considering whether to take legal action against the Government over the discovery of problems in Inmos's U.S. production lines.

The problems, which had affected as many as a third of Inmos's static memory chips, appeared to pre-date its acquisition by Thorn EMI. The problems had been cured and defective chips shipped to customers had been replaced, but Thorn EMI has made a £9.7m provision for future liability over Inmos products.

Thorn EMI has made a £28m exceptional charge for reorganising loss-making television production at its Ferguson subsidiary, which is shedding 1,000 jobs. The net cost was reduced to £13m by £15m of non-recurring credits. Ferguson was expected to return to profit this year.

Thorn EMI has recommended a 12.5p final dividend, bringing the full-year payment to 17.5p per share. This is the same level as the previous year, though the total cost has risen to £37.4m from £30.6m because last year's rights issue increased the number of shares outstanding.

Though several parts of Thorn EMI's operations needed to be restructured, Sir Graham said it had no plans to dispose of any big existing operations.

France and Luxembourg near to deal on steel production

BY DAVID MARSH IN PARIS

FRANCE and Luxembourg are close to an accord on joint rationalisation of steel production. This would cut output further in Lorraine, France's main steel-making province and clinch EEC agreement for the French Government's steel subsidies plan, to cost FFr 30bn (£2.5bn) over three years.

Sacilor, one of the two big French state steel groups, and Arbed of Luxembourg are expected to announce the agreement soon, probably next week, officials at both companies said last night.

The co-operation with Arbed will aim to achieve the best economic use of Sacilor's plants that make structural steel products, such as girders, in the Lorraine region in eastern France, which has already borne the brunt of heavy cuts in the industry.

Officials could give no details of likely production cuts as negotiations had not been completed. The accord has to be approved by the two governments.

The deal would represent France's first acceptance of a big production-sharing arrangement for steel with one of its EEC partners. It follows the pattern of co-operation decided last year by Arbed and Cockerill-Sambre of Belgium.

The French Government believes the problems of the French steel industry in flat products (sheet metal) are now on the way to being solved. It has been focussing on the need for action on structural steels, or long products, to end the heavy financial drain from the industry by 1987.

The main impetus for the moves with Arbed, however, has come from the EEC Commission. It has been making plain its desire for more efforts to contain losses as the condition for its approval of the final FFr 10bn portion of the FFr 30bn in aid the Government promised last year to plough into Sacilor and Usinor, France's other steel group, up to the end of 1987.

This plan has already angered West Germany, especially because it goes beyond the earlier EEC target to phase out subsidies by the end of this year.

Arbed has been trying for several years to work out production sharing with Sacilor, to take account of the proximity of Lorraine to Luxembourg. Although the two companies agreed to co-operate over steel rails in 1979, France has resisted till now a broader accord to cover other long products.

Sacilor and Usinor have already taken steps to rationalise their output of long products. They agreed last year to pool their capacity in this area in Unimetal, a subsidiary 51 per cent owned by Sacilor.

The group's engineering steels divisions have also been merged. Although the French Government turned down a plan for a full merger of the two companies, their investment plans are being cut to fit tighter finance requirements.

The latest moves will probably speed job cuts being carried out under the plan last year to shed 25,000 workers from the industry by 1987. The Government, however, has promised to avoid redundancies and is concentrating on retraining and other social measures.

The French Government has still to decide the mix of capital and soft loans which will make up the FFr 10bn cash to be put into the groups next year under the three-year programme.

Continued from Page 1

Logica losses eliminate profits

puters to large ones.

Logica was reviewing the goodwill attached to its £4m investment in ITIG and said it might decide to make a write-off.

Logica, which was founded in 1969, claims to be Britain's largest independent software company and sells more than a third of its turnover abroad.

When the company went public by a tender offer for its shares in October 1983, the issue was oversubscribed by more than seven times at above the minimum 140p tender price. The eventual striking price was 220p.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES				
Treas. 12pc 1995	£103⅞	+	⅛	
Conv. 9½pc 2001	£92⅛	+	⅛	
AE	146	+	6	
Bell (Arthur)	240	+	10	
Brit. & C'wealth	260	+	25	
Burmah Oil	260	+	17	
Carpets Intl.	57	+	8	
Cole Group	218	+	8	
Gill & Duffus	171	+	6	
Greene King	168	+	8	
IDC	265	+	79	
LASMO	271	+	13	
Low & Bonar	253	+	10	
McAlpine (Alfred)	254	+	10	
NatWest Bank	708	+	18	
Racal Elects.	136	+	8	
Reed Intl.	644	+	16	
RTZ	572	+	14	
Rowntree M'tosh	395	+	10	
Taylor Woodrow	419	+	12	
Yorkshire Chems.	78	+	13	
FALLS				
Logica	105	−	58	
Magnet & Sthrns.	124	−	6	
Pentland Inds.	830	−	40	
Thorn EMI	316	−	28	
Vickers	288	−	7	

WORLDWIDE WEATHER

UK today: Sunny periods with showers, heavy or thundery in places. Temperatures normal. Outlook: Dry and warm in S, variable elsewhere.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Corfu	S	25	77	Madeira	S	23	73	Perth	S	19	66
Algiers	S	29	84	Dallas	F	22	72	Madrid	S	31	88	Prague	S	23	73
Amsdm.	S	25	77	Dublin	C	18	64	Majorca	S	32	90	Rykjvk.	C	13	55
Athens	S	26	79	Dbrvnk.	S	23	73	Malaga	S	28	82	Rhodes	S	26	79
Bahrain	S	37	99	Ednbgh.	R	15	59	Malta	S	28	82	Rio J'o†		—	—
Barclna.	S	26	79	Faro	S	31	88	M'chstr	C	19	66	Rome	C	19	66
Beirut	S	27	81	Florence	F	31	88	Melbne.	C	14	57	Salzbrg	S	25	77
Belfast	R	14	57	Frankft.	S	23	73	Mx. C.†		—	—	S'ciscot	F	13	55
Belgrd.	F	23	73	Geneva	C	21	70	Miami†	S	27	81	Singapr.	F	31	88
Berlin	S	23	73	Gibrltr.	S	24	75	Milan	S	27	81	S'tiago†		—	—
Biarritz	F	21	70	Gl'sg'w	F	16	61	Montrl.†	S	21	70	Stckhm.	F	24	75
Bmghm.	F	22	72	G'rnsey	F	17	63	Moscow	F	18	64	Strsbg.	C	23	73
Blackpl.	C	17	63	Helsinki	F	21	70	Munich	S	21	70	Sydney	S	19	66
Bombay	F	29	84	H Kong	F	31	88	Nairobi	C	20	68	Tangier	S	33	91
Bordx.	C	20	68	Innsbrk.	C	19	66	Naples	S	29	84	Tel Aviv	S	27	81
Boulgn.	S	21	70	Invrnss.	R	16	61	Nassau		—	—	Tokyo	C	23	73
Bristol	F	20	68	Le Man	C	15	59	Nwcstl.	R	19	66	T'r'nto†	F	21	70
Brussels	F	24	75	Istanbul	S	22	72	N Delhi	S	37	99	Tunis	S	32	90
Budpst.	C	22	72	Jersey	S	18	64	N York†	R	21	70	Valencia	S	29	84
Cairo	S	30	86	L. Plms.	S	25	77	Nice	S	25	77	Venice	F	26	79
Cardiff	C	16	61	Lisbon	S	28	82	Nicosia	S	27	81	Vienna	S	23	73
Cape T.	R	12	54	Locarno	F	25	77	Oporto	S	25	77	Warsaw	F	20	68
Chica.†	F	16	61	London	F	23	73	Oslo	S	21	70	Zurich	C	17	63
Cologne	S	27	81	L. Ang.†	F	19	66	Paris	F	22	72				
Cpnhgn.	S	23	73	Luxmbg.	F	22	72	Peking	S	29	84				

C—Cloudy. F—Fair. R—Rain. S—Sunny. † Noon GMT temperatures.

BL division joins trend for floating rate credit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

LAND ROVER-LEYLAND, BL's commercial vehicle organisation, is seeking a £100m seven year loan in the sterling banker's acceptance market in what is thought to be the first publicised borrowing by any part of the state-owned motor group since 1981.

It is part of a sudden rash of borrowing by British companies anxious to take advantage of the cheap terms available on floating rate debt.

It started on Thursday with a $150m (£113m) euroloan facility from cement manufacturer Blue Circle and continued yesterday with the launch of a £80m credit for Pergamon Press as well as a £250m acceptance credit facility for Club 24, the consumer finance unit of clothing retailer J. Hepworth.

Bankers say the launch of so many deals in just a few days is largely a coincidence, but it does follow strong pressure on British companies to arrange new borrowings. Foreign banks in the City are particularly keen to do more business with UK customers and prepared to offer highly competitive rates.

Land Rover's deal met an immediate warm response, largely because of the implicit Government backing for BL's borrowings. Led by S. G. Warburg alongside Citicorp Investment Bank, it will allow Land Rover to raise up to £100m through the continuous sale of bankers' acceptances—or short term bills—in the money markets.

Underwriting banks will receive an annual fee of 0.125p per cent for backing the sale of acceptances which will carry a maximum commission of 0.2 per cent. They will receive an additional 0.075 per cent, however, if they have to take up more than £50m in unsold acceptances at the maximum commission.

Land Rover intends to use the facility to add to its working capital but bankers say the deal is also a test of the loan market following the ease with which private credit lines were arranged for the same purpose last year.

National Westminster is leading the Pergamon credit, while Barclays Merchant Bank is handling the Club 24 deal.

This is an acceptance credit with a high commission of ⅜ per cent, but it is not guaranteed by Hepworth itself and lenders will have to rely on the quality of Club 24's consumer loan portfolio.

Hanson issue only half taken up

By Charles Batchelor

SHAREHOLDERS TOOK up only half the ordinary shares issued as part of Thursday's £519m rights issue by Hanson Trust, it emerged yesterday. Hanson's stockbrokers, Hoare Govett, earlier indicated that 80 per cent of the issue was taken up.

The discovery, late on Thursday evening, that initial optimistic targets would not be met, prompted a late-night effort by Hanson's financial advisers to place the unwanted shares with friendly institutions.

In an operation which lasted until after midnight Hoare Govett and N. M. Rothschild, Hanson's merchant bankers, found what Mr Richard Westmacott, senior partner of Hoare Govett, described as "a handful" of institutions ready to take up about 100m shares at a fraction of a penny more than the rights issue price of 185p.

This late-night effort to prevent large numbers of shares being left with the underwriters led to a substantial holding in Hanson, understood to be about 5 per cent, being taken up by the Kuwait Investment Office, which manages much of Kuwait's oil wealth.

The actual placing of the shares took place early yesterday, before stock market trading got under way.

The initial optimism about the level of applications for the new shares arose from the large number of reply forms sent in by shareholders.

But when Lloyds Bank's registry department in Worthing had opened the 45,000 returns, a surprisingly large number turned out to have come from small shareholders with few from large investors.

The total level of applications then turned out to be only 50 per cent.

Mr Richard Westmacott, senior partner at Hoare Govett, said: "The registrars have to guess at what is coming in. Unfortunately they were not very accurate. However, their guesstimate appeared to coincide with our own soundings on the institutional front.

"At 10 o'clock last night Thursday) we realised we had to move quickly. I had to get something sorted out.

Speed was essential to avoid the early initial forecasts of a high level of acceptances giving the wrong impression to the market when trading started yesterday, Mr Westmacott said.

Despite the success of Hanson's advisers in placing the unwanted shares, the £149m-worth of convertible preference shares are expected to go entirely to the underwriters when dealings start on Monday.

Notwithstanding the discovery that half the ordinary shares issued had to be placed, Hanson's shares proved resilient yesterday, and rose 3p to 189p.

Continued from Page 1

Brecon

Labour was disappointed at narrowly missing a much needed win particularly as Mr Neil Kinnock, the party leader, had put his reputation on the line by visiting the constituency during the campaign.

Nevertheless, Labour MPs were pleased that their party had run such a tough campaign and had done so well in spite of the handicap of losing its natural power base which had been removed by redistribution.

Mr Kinnock said: "We are on course for victory at the General Election."

There was, however, an admission that Labour's hopes had been damaged by Mr Arthur Scargill, the National Union of Mineworkers president, and Left winger Mr Tony Benn, as a result of their comments during the campaign.

Mr Roy Hattersley, Labour's deputy leader, said last night: "I think there is no doubt that the speech by Arthur Scargill on Monday put off a substantial number of voters."

Mr Scargill yesterday rejected the charges that the demands he made at his conference in Sheffield earlier this week of a future Labour government adversely affected the Labour vote.

Mr John Gummer, Conservative Party chairman, last night denied that the result meant that Mrs Thatcher had become an electoral liability.

He described it as a "devastating result" for the Labour Party, which showed that people were not prepared to vote Labour at any price.

In the controversy over public opinion polls Dr David Owen, SDP leader, last night wrote to Mr Robert Worcester, head of Mori, complaining about the size of the differing leads which the organisation gave to Labour.

Mr Steel commented: "Humble pie tastes best with Worcester sauce."

THE LEX COLUMN

Thicker thicket for Thorn

The financial brambles at Thorn EMI have turned out at least as scratchy as the departure of its chairman would suggest. Early publication of the profit figures may have been intended to clear the air, and at yesterday's meetings Thorn was at least spared the pruning-shears which the City had been sharpening for Mr Laister. But there was no glossing over the fact that in paying a partially uncovered dividend, Thorn had played the almost forgotten game of repaying rights issue proceeds net of tax.

The reported profit of £108.3m before tax was, in all conscience, miserable enough as a return on £3.2bn of sales. As the first evidence of deck-clearing, however, it might have done better to provide for Inmos's exit from dynamic memories above the line, at a cost of about £42m. Yesterday, Thorn further muddied the picture by deciding to change its policy on a few peripheral accounting matters, thus taking credit for a none too recurrent £15m of exceptional items.

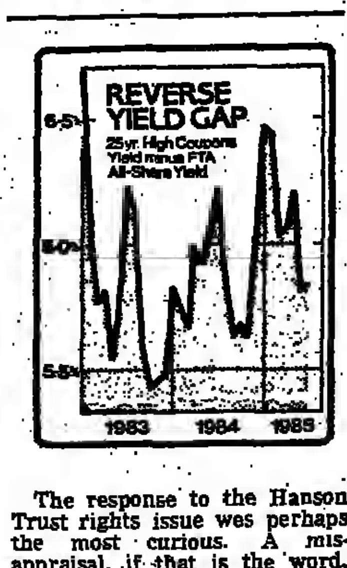
A cleaner sweep might thus have led Thorn to report a pre-tax figure of a little over £50m; had it chosen to do so, the City might at least have come away half-believing that current year profits had to be sharply better. As it is, there is not much reason to expect reported profits to advance this year; Ferguson will produce a loss, though tapering towards break-even, and Inmos is almost bound to lose more money this year than the £14m it made in 1984. Rising debt, currently over 60 per cent of shareholders' funds, will narrow the interest cover, and a higher tax charge makes it doubtful whether earnings can reach 25p per share. Moreover, simply writing off the cost of acquiring Inmos does not stem the cash costs of staying in silicon.

Even at 316p, after a further fall of 28p yesterday, the shares do not look cheap. A multiple of 13 is, in these days, a premium rating, which may be hard to sustain, while an 8 per cent yield is perhaps not quite enough to attract support from recovery funds.

Underwriting

It has been the oddest of weeks in the equity market. The GEC results disappointed; the problems at STC and Thorn EMI turned out to be even stickier than their disillusioned shareholders had imagined and the Hanson Trust rights issue was a resounding flop. After all that, the FT-A All-Share Index finished the week with a gain of two per cent.

Index rose 3.8 to 955.7



The response to the Hanson Trust rights issue was perhaps the most curious. A misappraisal, if that is the word, by the registrars has led the market to believe that all but 20 per cent of the ordinary issue would be taken up. The subsequent news that shareholders had applied for only half the stock on offer would, a few weeks ago, have hit the index with the force of half a dozen STC's. Yet, once it became clear to the institutions that the unsubscribed equity had been placed with the Kuwait Investment Office and others, they began to worry about their Hanson weightings and actually pushed up the price of the old equity.

Alternatively, the institutions may have been celebrating the simple discovery that underwriting an issue is about the easiest way to make money in the world. To judge from the cavilling that is now taking place over the Britoil offer for sale, it might be imagined that underwriting is a painful and costly business. Yet since the initial Britoil sale almost three years ago, the underwriters have enjoyed the benefits of record new issue volume and have scarcely ever been asked to dip into their pockets.

The rights issues for English China Clays and Hanson Trust at last provided the City with an opportunity to remind the sceptical of why underwriting commissions are paid. Yet, in both instances, the sponsors of the issue managed to place the unsubscribed equity in the market and so let the underwriters of the hook. This is a plainly anomalous state of affairs. Either underwriters are at risk or they are not.

In terms of market sentiment, however, the placings have clearly been a boon. The rights issues which were scheduled for the summer may return later in the year but it appears that London should have the capacity to absorb them — one way or another. So, even if fund managers are confronted with further capital losses on their equity portfolio, they can be consoled by the prospect of virtually risk-free underwriting. Eventually, of course, issuers of equity may wonder whether the fixed underwriting commissions are necessary at all. But not yet.

Logica

Readers of last April's interim statement from Logica cannot have been overjoyed that sales of new office automation products had been somewhat lower than envisaged. They could never have gleaned from this that losses from making word-processors and computer interface equipment were poised to wipe out Logica's entire pre-tax profit from software; or, when the news broke yesterday, slice 35 per cent off the value of the company.

The market has had enough of this sort of thing from electronics companies. It is no credit to Logica that it is now laying off workers at the VTS manufacturing operation and dropping heavy hints that it is for sale. The large BT contract was scaled back as long ago as last autumn; by the interim stage, it must have been clear that even an expanded sales force and maintained r&d were doing nothing to replace the lost base-load. It is not every factory, picked up for a song from the taxpayer, that can lose the best part of £5m.

Nor is it much comfort to Logica that it runs a respected software business, when the VTS losses and write-offs on the computer communications operation could reduce shareholders' funds by a fifth and leave the balance sheet supporting 70 per cent net debt.

As a software house with a large manufacturing operation, Logica was always something of an anomaly. This situation will probably now end, although it is hard to imagine the likes of Olivetti coming to the rescue of manufacturing. It is more likely that one of Logica's larger customers will wait for the auditors to do their job then move in on the software business. This looks cheap enough with the company valued at only half annual turnover.

هكذا من الأصل

WEEKEND FT

Saturday July 6 1985

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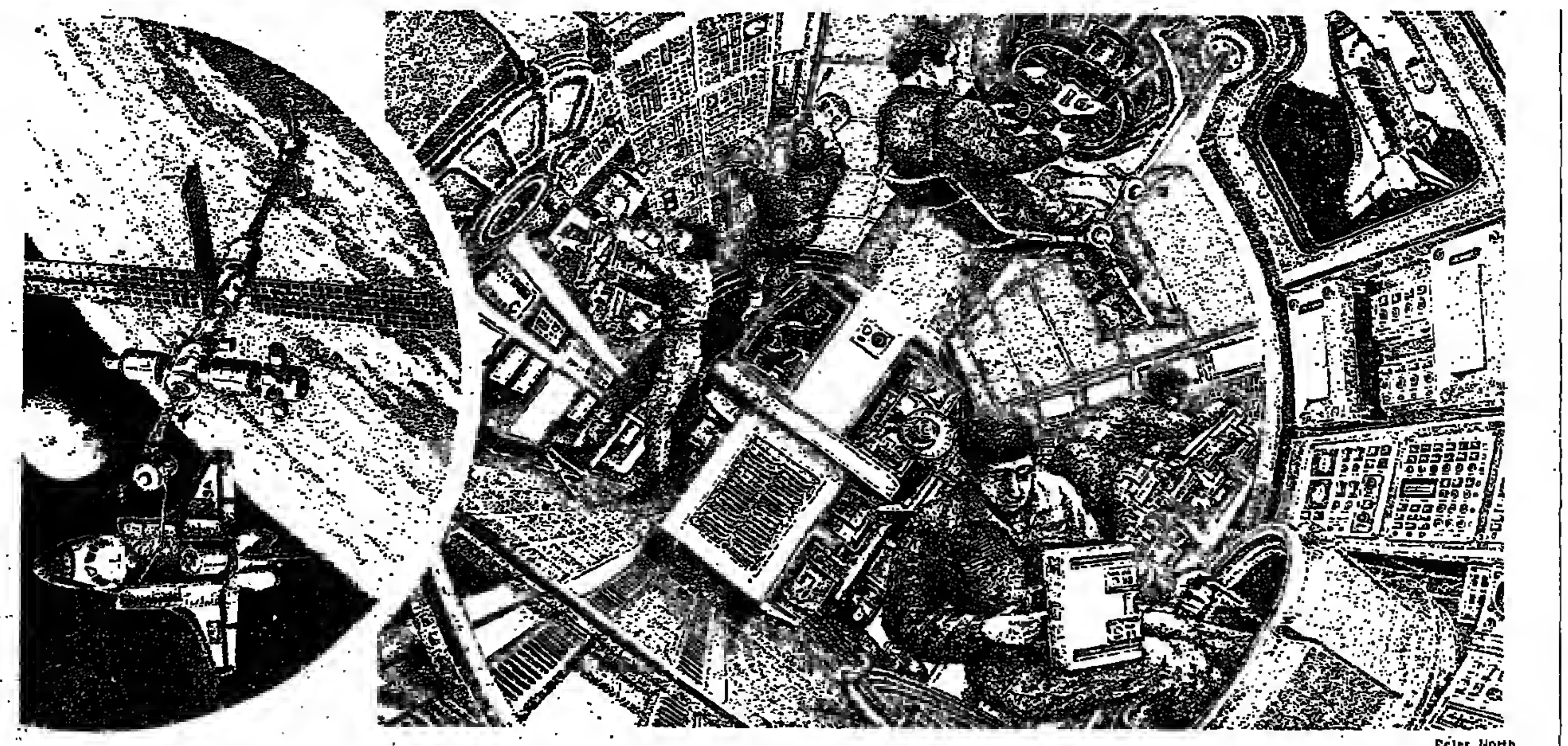


Peter North

The space invaders

Products with a "Made in space" stamp are no longer a sci-fi fantasy. Peter Marsh reports on space station developments

NEIL ARMSTRONG probably never quite realised what he had started when on July 21 1969, he set foot on the moon and told a space-struck world: "That's one small step for a man, one giant leap for mankind." Just how giant a leap will become evident over the next few years; science and industry are now preparing to take themselves out of earth's restricting atmosphere into an environment where researchers believe the impossible will become feasible and abstract theory can turn into fascinating reality.

Products made above the atmosphere in space factories will go on sale in the 1990s and, after the initial razzmatazz, people will find it no more unusual to buy goods stamped "Made in Space" then to buy, nowadays, those produced in the Philippines or Taiwan.

The goods will be made in large orbiting complexes which capitalise on the special characteristics of space—the low gravity, vacuum, relative freedom from impurities and abundant energy easily obtainable by turning the sun's rays into electricity with solar cells.

Trends that will bring about industrial parks in space—which is normally taken to begin at about the point where the atmosphere thins out, some 150 km from earth—are already well established. The Soviet Union is ahead in this area. It has put into orbit seven small space stations, the latest two of some sophistication. Such a station can dock with other spacecraft to produce an orbiting complex up to 50 metres long; an outpost the length of Nelson's column. The USSR's Salyut space stations can hold, at a squeeze, six cosmonauts at a time. People have liked and worked in these stations for up to eight months at a stretch. The Soviet Union is keen to develop new, bigger orbiting complexes, and site in them small factories making goods difficult to produce on earth.

The U.S., meanwhile, plans to construct in the 1990s a space station that would improve on the Soviet efforts. It would be at least twice as big as the latest Salyut, and much more sophisticated. Western Europe, Canada and Japan may decide to join the building project to which the U.S. has committed $8bn. One of its uses would be to house small workshops for experiments in materials processing. Although the station would accommodate up to eight people, many of the routine jobs in the workshops would be done by robots, leaving human spacefarers to concentrate on more interesting activities such as gazing at the stars.

Space stations are useful to industrialists and scientists primarily because of the exotic conditions space has to offer. In a spacecraft in a state of free fall around the earth—travelling at eight km a second, or some 25 times the speed of sound—strange things start to happen, or, to be more precise, do not happen. The gravitational force experienced by people or objects inside the spacecraft is between one thousandth and one millionth of that on earth. As a result, many of the physical effects to which we have grown used to on our planet do not exist.

For example, substances will mix more evenly because their weight is no longer relevant in determining how they diffuse when shaken up with other liquids and solids. Thus in space you would have relatively less trouble ensuring that sugar is stirred into your tea. A bartender mixing drinks in a space-based cocktail lounge could do his job with a lot less effort than on earth.

As a result of the absence of what is called hydrostatic pressure, solid, viscous materials would not tend to collapse under their own weight. In orbit, making sand castles out of wet sand (providing the material was sticky enough to bind together) would be straightforward. Slowly solidifying castings, produced by cooling molten metal, would be no wider at the base than at the top.

In manufacturing terms, the near absence of gravity holds out remarkable prospects. It may be possible to make, on space stations, a large variety of materials difficult or impossible to produce on earth. Researchers in the U.S., USSR, Japan and Western Europe have drawn up a list of substances in this category. They include alloys, superconductors, new types of glass, semiconductors, detectors for infra red light, catalysts, enzymes, polymers, superplastics, magnetic materials, corrosion-proof coatings and high-strength composites.

Any process requiring a lot of energy may be suitable for space factories because of an abundance of energy from the sun. By the time the radiation from this source reaches ground level, much of its power is absorbed by the molecules of the atmosphere. Above the mantle of gas that separates us from the rest of the universe, it would be an easy matter, with solar cells, to turn the full power of the sun into electricity to drive industrial processes. Among the energy—intensive operations that scientists think may take place in space factories are metals smelting, welding and cutting with electron beams, joining up pieces of metal by brazing and sintering (coalescing under high temperatures) particles to make solids.

People in the American space programme are highly enthusiastic about what could emerge from space work in the 1990s. Ellen Shulman, one of America's 90-member squad of astronauts, says: "There's a whole lot of universe out there that we don't know too much about. In industry, it could amount to a completely new world. In the space environment, we may be able to make products that no one has heard of before."

People with cash to invest will want to take a stake in factory ventures in space, according to Maxime Faget, an eminent Nasa engineer who designed the Mercury capsule that took America's first space men into orbit early in the 1960s. Faget is now president of a company, Space Industries, that seeks to establish a prototype space factory by the end of the decade.

He says: "The investment world will approach this in a similar way to the building of the railroads in the American West in the 19th century. People will want to take a stake in space, not necessarily because they want to go there themselves but because industrial units in orbit will appreciate in value."

Of all the disciplines that appear promising for space industrialisation, perhaps crystal growth holds out the most exciting possibilities. On earth, scientists generally make crystals either by separating them from a solution or by techniques of vapour deposition. In the latter, a solid layer is "grown" by depositing gas on to a cool surface. Gravity interferes with both methods.

In the absence of gravity, however, it should be possible to produce crystals that are near-perfect. Thus space factories may turn out semiconductors such as gallium arsenide that have much better electronic properties than anything obtainable on Earth.

Bob Pace, of Microgravity Research Associates, expects that by 1990 his company will be turning out in a space workshop 40 kg a year of ultra-pure gallium arsenide for electronic chips that operate much faster than the orthodox ones made from silicon. Pace plans to sell his material for $1m a kilogram—roughly 100 times the price of gold.

Metals casting is another subject of future interest. Solid objects cast from molten metals or plastics in Earth factories often suffer from imperfections due to particles migrating through the fluid as a result of gravity-induced convection currents.

In space, researchers would have a much freer hand in mixing substances, irrespective of what can or cannot be done in terrestrial workshops. A new range of alloys and compound materials could become available; with applications in many industries, from consumer goods to vehicles to construction.

In another broad area of low-gravity techniques, factory workers should be able to handle liquids without their containers. In space, liquids have no weight, and so are held together as spheres by surface tension. Sensitive chemicals that can be harmed by impurities will make ideal candidates for the products of manufacturing plants in the heavens.

Polymer chemists are also interested in experiments in the sky. With no gravitation to worry about, researchers may be able to build long chains or molecules of a kind that, on Earth, would be too unwieldy or which would snap under their own weight.

According to scientists, another area ripe for exploitation in orbiting complexes concerns a way of separating chemicals from mixtures in which they are naturally present. In electrophoresis, a separation method that promises to lend itself to space work, an electric field channels substances in the mixture into different compartments of a container, depending on the different electrical charges on particles in the mixture. With this technique, already well tried and tested in ground workshops, technicians can produce high concentrations of specific chemicals from, for instance, human or animal secretions.

Under gravity, however, the process is often painfully slow, and uneconomic as a result. In space, the particles weightlessness can speed up events by perhaps several hundred times. Substances that seem promising for separation by this technique in space include beta cells, useful in treating diabetes; epidermal growth factor, used for treating burns; and interferon, a drug that may have applications in cancer treatment.

Electrophoresis in space is one step nearer the commercial stage than many other ideas for processing operations above earth's atmosphere. McDonnell Douglas and Johnson and Johnson have joined forces and tried out the technique on several shuttle flights (lasting no longer than about a week). They plan to fly a large, unmanned electrophoresis facility in 1988 or 1989. The hardware would be hoisted into orbit, then left in space for three months while separation takes place under automated control.

Lunar Industries, a company in Houston, has put forward what is perhaps the most startling idea for a space factory. It wants to develop a concrete plant in space which would turn out cast concrete, using materials mined from the Moon's surface, ejected by rocket into an orbit above the Earth. One customer for the company's products could be the U.S. Department of Defence. According to Lunar Industries, the concrete blocks could be perfect shielding elements for laser-weapons platforms placed by the U.S. as part of some future Star Wars space-battle system.

A permanent base in space has attractions not merely for industrialists but for scientists seeking to discover, under low gravity, new insights into a range of phenomena.

Ever since men and women started systematically to study their surroundings, so scientists' argument runs, they have had to contend with gravity. It is an ever-present force which continually influences scientific results.

In the near absence of gravitational force in space workshops, scientists may be able to shed light on some basic properties of materials—for instance, how substances conduct electricity or how their molecules link together. Biologists are also interested in low gravity work. They may be able to investigate how human cells grow, and the mechanisms that affect bodily stress and disease. Experiments in space could result in better understanding of the nature of the gravity-sensing organs of the body, for example, the vestibular apparatus of the inner ear, which affects our balance.

Rakesh Sharma, the first Indian astronaut, and a guest on a Soviet flight last year, whiled away some of his time with yoga exercises. The activity was not entirely frivolous. His muscles were wired to electronic equipment which registered strains caused by the movements. Results from experiments such as these could shed new light on muscular diseases, or provide clues on how to rehabilitate people suffering from muscle disorders.

Arthur C. Clarke, the science-fiction writer, touched upon some possible uses for space stations in a book published in 1951. He surmised that the therapeutic effect of gazing out from space bases would make them a wonderful place for hospitals. "The infinite variety of detail presented by the continents, seas and clouds, the pleasure of picking out familiar landmarks and even of observing the streets of great cities by telescopes should reconcile the patients to their temporary exile."

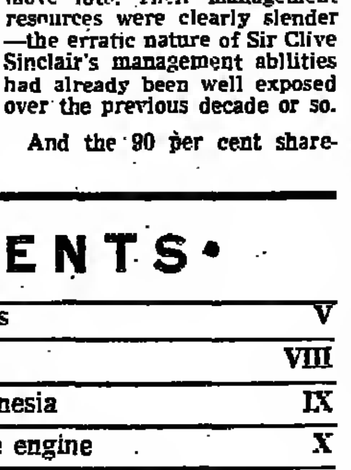
● *Adapted from "The Space Business" by Peter Marsh, first published by Penguin.*

The Long View

Not all little Acorns become big oaks

There is something impressive about the spectacle of major companies falling abruptly from grace, writes Barry Riley.

Indeed, the sound of the crash could even be music to the investor's ear.



THE QUESTION of risk, and the way it is reflected in stock market prices, is always a fascinating one. Rest assured that I shall not get bogged down with the Efficient Market Hypothesis, whether in its weak, semi-strong or strong form. But there is something impressive about the spectacle of major companies like STC and Plessey falling abruptly and unexpectedly from grace, as they have in the past few months, to the extent that the share price of STC, for example, has dropped by around 60 per cent. from its high point early this year.

Plainly, very real and very sudden problems have affected these companies, and even if they might have been foreseeable a few months ago they were certainly not obvious. All that can be said is that such reverses do not shed a very flattering light on all City investment analysts who follow major stocks such as those so closely, and certainly not on the particular stockbrokers' analyst who recommended STC as recently as April as "a buy for long-term funds."

But the puzzle is not that share prices can tumble unexpectedly in response to bad news, but that they can also ascend to stratospheric heights which appear to bear no reasonable relationship to prospects. It is worth looking again, as cases in point, at those two fallen micro giants Sinclair Research and Acorn Computer Group.

At one time Acorn was valued by the stock market at more than £200m, and although Sinclair was never floated it was valued at £135m by a private placing of 10 per cent. of the equity in 1973. You might argue that Acorn was chased upwards by unsophisticated share punters in a narrow market; but the investors who bought into Sinclair were supposedly hard-nosed professional fund managers in the financial institutions. All the same, the bubble has now burst and there is very little value indeed left in the shares of either company.

But it cannot be, surely, that the risks were hard to discern. Both companies were cleverly, but temporarily, exploiting niche markets which big manufacturers, including the Japanese, had proved slow to move into. Their management resources were clearly slender—the erratic nature of Sir Clive Sinclair's management abilities had already been well exposed over the previous decade or so.

And the 90 per cent shareholdings held by the founders in each case reflected the narrowness of their control, in contrast to the kind of broader venture capital participation more typical of entrepreneurial high-tech companies in the U.S.

If you believe that equities are valued on the basis of rational analysis, you might argue that the only thing wrong was that the market was too ready to assume that Sinclair and Acorn were going to take over the world computer market. This is on the basis that it is possible to sit down, draw up projections of earnings growth, apply risk coefficients to reflect varying degrees of uncertainty, and arrive at a "right" price.

Some people actually try it, including presumably many of those City analysts who, incidentally, will be waiting anxiously next week for the results of the annual analysts' popularity poll. It is sponsored this year for the first time by Extel in place of Continental Illinois, which also turned out to be a sudden victim of unforeseen circumstances.

For one thing, as the man who tipped STC three months ago is finding out the hard way, the long term is a succession of short terms. It was Mr Jim Slater who observed that a long-term investment was a short-term investment that had gone wrong. Most equities are indeed held for long periods, but untraded shares do not determine prices; they are set by short-term traders who are not so much interested in fundamental values as in the likelihood that some other trader will pay a higher price in a day, a week or month

Moreover, some stocks pay an extra dividend or reflected glory to their owners. For the private investor, this may simply be a matter of being able to drop a company name or two at the golf club (if all else failed last winter, you could at least become another British Telecom bore).

For professional fund managers the influences are a little more subtle, but the effect of the quarterly trustees' meeting on pension fund stock selection is well known, and much the same can apply to unit trusts when they periodically distribute lists of their investments.

The point is that there is nothing more potent than a dud sock in a portfolio for exciting the attention of trustees (and producing embarrassment among the fund managers). So there is a strong temptation to indulge in a window-dressing operation just before the quarter's end. Possibly the duds will be acceptable in a portfolio labelled "recovery" or "special situations" but the safest idea can seem to be to dump them.

Naturally this can create pricing anomalies and thus arbitraging opportunities, and indeed there are American fund management firms which earn a prosperous living by buying "hate" stocks which no self-respecting fund manager would have in his portfolio. On the same reasoning, "glamour" stocks will be so highly sought after for their adornment value that they will always be overpriced and should be avoided.

Another way in which the swings of fashion operate is through the marketing of unit trusts and investment trusts. It has long been a central problem of the unit trust industry that you can only sell a fund that is somewhere near the top of the short-term performance charts, which very likely means that it is about to run out of steam just as the new money comes in.

Anthony Harris is on leave

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Bravery pays off for the analysts who said 'buy'

EVERYONE SEEMS agreed that the market's sharp setback was caused by two factors—terrible news from electronics and funding pressures.

In the last three weeks investors have had to write out £2bn worth of cheques for equity investment—it was far too much. The amount raised in less than a month accounted for about a quarter of the year's total funding requirement according to some brokers' forecasts so it is little wonder that corporate brokers, lining up further issues are being asked to stay their hands.

During the period from early June to the end of last week, when the All-Share lost about 8 per cent in value, electricals and electronics fell by some 28 per cent. It is easy to see what led the market down but that still means that about 6 of the 8 point fall was outside that particular area.

Even if analysts are taking a more cautious view of profit forecasts as a whale in reaction to events in electronics, the market appears to have slipped too far. Those brave souls who put their heads above the parapet a week ago and said "buy" are being proved right.

Yet for electronics it remains a case of blood on the carpet—and the walls and ceiling as well. The full extent of Thorn's dreadful figures are published in this morning's edition but the company started the week in poor form with the sudden departure of Peter Laister, who had been chairman for only 15 months.

STC managed to sustain investors' depression by the announcement on Wednesday that it would report an attributable loss for the six months ended last month.

Even GEC, which reported a profits rise of 8 per cent to £725m for the year to March, failed to please the market which had been thinking in terms of at least £740m.

If the market had been in a better frame of mind, GEC's figures might have been regarded as no more than a shade disappointing.

The core business, Marconi, may have slowed down in the second half but it is still performing well. Total pre-tax profits from electronic systems rose by 19 per cent for the full year to £235m—equal to just under a third of total profits.

GEC's telecommunications division put up a mixed bag of results to produce an overall profit of £81m-£12m down on the previous year. The main switchgear division experienced a sharp deterioration in profits caused by the phasing out of older electromechanical exchanges in favour of System X. In part this was offset by a return to profits by A. B. Dick in the U.S., which made around £20m, though the small computer company turned in a loss.

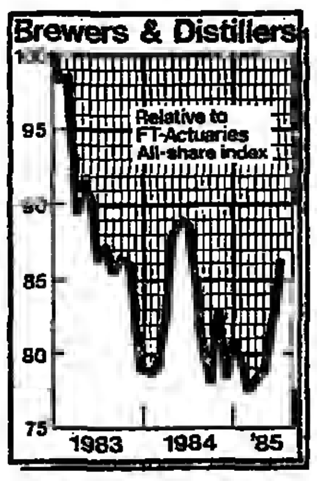
The group's automation business looks all right (profits slipped £4m to £46m last year) and medical, £5m higher at £29m, is reasonably stable. Power generation profits were modestly ahead at £65m last year end while the order book is sufficient for another two years of work it looks a bit thin after that.

London

The electrical division faced some problems on switchgeer which helped to chip away at profits—down 15 per cent at £42m—and while the consumer business was £4m ahead at £27m there are some disappointing losses on TV and radio distribution.

So overall the figures look up to the mark. This year profits will probably continue to grow at around last year's rate, suggesting £780m pre-tax.

The real question for the market is how that £1.4bn of cash will be spent. Lord Weinstock may be tempted to invest it in industry rather than Government stock this autumn. It is difficult to believe he would be interested in either STC or



Thorn, despite the low share prices, but he could well be watching groups such as Plessey, Ferranti and Racal.

The full year results from Scottish & Newcastle Breweries this week just about wraps up the sector's results season. Pre-tax profits of £65m, an increase of £10m, turned out to be right in line with expectations.

The sector as a whole has enjoyed a very good run in the past couple of months. Since the end of April, when the brewers were standing at a 12-month low relative to the market, the sector has bounced up by over 7 per cent while the All-Share has retreated by 4 per cent.

There are two basic reasons for the recovery. As investors have taken fright and fled the high-technology areas, sectors such as brewing and food appear as safe bolt holes for equity investment.

The second point is that the results season has provided a steady diet of buoyant profits.

Of course the beer market overall has a heavy feeling of maturity about it and volume is going nowhere. But lager is the exception and those brewers with a deep commitment to the higher margin brew are clearly able to keep the profits trend heading upwards. Also, even the smaller brethren in the trade have woken up to the possibilities of extracting much better returns from the retail end of their empires—the pubs. And it would be hard not to make money from hotels at the moment.

Scottish and Newcastle's hotel chain, Thistle, almost doubled profits to £10.7m pre-tax last year and no doubt further growth can be achieved in 1985-86. Group profits could come out around £75m pre-tax assuming that the miners keep working and drinking.

Profit growth aside S & N is keeping mum about the current Monopolies investigation into its £102m bid for Matthew Brown and a decision is not expected much before the end of October. The Edinburgh brewer clearly needs extra pubs and it would seem a bit odd to penalise it the second time in a row by blocking the bid just because of its success in the free trade which has given it such a prominent position nationally. Anyway until the Commission makes up its mind S & N is unlikely to embark upon building the third leg to the business which is the goal management has set itself.

Shareholders who have stuck with Illingworth Morris since the traumas of two summers ago, which resulted in Manchester businessman, Alan Lewis, gaining control of the company, have indeed done well for themselves. The company is now capitalised at close to £35m—£30m more than the bid Mr Lewis made two years ago.

This week he was able to report a 75 per cent jump in pre-tax profits to £4.1m and a reumption of dividends while strong cash flow has dropped balance sheet gearing from 50 per cent to 17 per cent. The non-voting shares are also being enfranchised. It was quite a package.

This year should see a further reduction in interest charges and more benefits from the rationalisation programme so that profits could reach, say, £5½m pre-tax dropping the prospective multiple on a low tax charge to around 7½.

Even being pessimistic about the textile industry's traditional cycle, Illingworth's shares do not look expensive despite the minuscule 1½ per cent yield. Yet there remains an air of uncertainty over the stock amongst investors. Alan Lewis is still seen as a bit of a maverick in the trade, more interested in dealing than the detail of running a woollen business. That may be so but Illingworth is doing well enough so far.

Terry Garrett

Electricals grease the slippery dip

JUNE was an unhappy month on the USM (see table below). While the main market fell by 6 per cent, the USM plunged twice as steeply to sweep £250m off its total market value. The Datastream USM index has now dropped back below 100 to its lowest level since the beginning of 1984. Fifty of the USM's companies are trading at a 12-month low, compared to only six poised at the year's high.

The USM tends to take its lead from the main market, but this latest shakeout has been more pronounced than just the exaggerated copy of the latter's decline that investors have grown to expect.

The rot started among the electrical stocks, where a series of accidents triggered the decline on both the USM and the main market. USM electronic shares fell by 19 per cent last month, marginally more than their main market counterparts. But because electricals take up a large slice of the USM, movements in the sector have a disproportionate effect on the USM as a whole.

Almost as bad as electricals have been the USM oil stocks. These have dropped 15 per cent while shares of the larger oil companies have held up comparatively well, moving down by only 3 per cent over the month. The majors seem to be back in market favour, leaving it to the smaller companies to bear the brunt of concern over this week's Opec meeting.

The worst might now be over. Marian MacBryde, of Hoare Govett, thinks that, barring further upsets from the electrical majors and with the largest cash calls now out of the way, there should be a recovery on the main market to underpin the USM. Overall, she expects the market to be dull until the autumn.

Brian Winterflood, of jobber Bisgood Bishop, thinks the market is in for a long, hot summer. "We are not in a bear market," he says.

Unlisted Securities Market

"Realistic pricing" has become the battle cry of the USM investor, and sponsors are already being forced to price new issues at far lower multiples than could have been expected two or three months ago.

The most outstanding example has been Pacer, a U.S. company involved in systems defence engineering for American government agencies. It has a good track record, a fat order book and proven expertise in a niche market—in short, it looked just the sort of company that, a few months ago, might have got away nicely on a price earnings multiple of more than 20. In the event, it was priced on a multiple of only 15; even that proved too high, and the shares are now at a 7p discount to the 170p issue price.

In part, Pacer has been a casualty of investor aversion to the sector. The success of the Cranbrook issue, however, shows that investors do not have a blanket ban on everything electronic. On a p/e multiple of 17, which at the time looked daring given the state of the market, the issue has done well and is at a small premium to the placing price.

The fact that Pacer is a U.S. company has worked strongly against it. American firms have made a very poor showing on the USM, and investors have become sceptical about a company's reasons for raising money so far from home.

A happier case of a modest rating achieving its end has been Blanchards, the interior design company. It was brought to the market on a p/e of 12, low for a sector that still can expect ratings of 20 or so. The shares now stand about 10 per cent over the issue price.

Having succeeded with Blanchards, the same team of United Trust and Credit and Strauss Turnbull is trying again with John Michael, in which dealings start on Monday. John Michael (not to be confused with one of the USM's other design companies, Michael Peters) designs shops, offices and precincts and, like Blanchards, is priced on an earnings multiple of 12. With a broader base of activities than Blanchards and without its worrisome dependence on Middle East clients, one City analyst at least thinks that this one has been pitched much too low.

One of the markets slightly surprising new issue successes in the past few weeks has been Charlie Brown's car part centres. Car parts are no glamour business, and the issue, sponsored by a regional broker, was publicised poorly. Issued on a market average p/e of 13, and with growth prospects that looked no better than average, the shares have risen from a 76p issue price to 87p.

Lucy Kellaway

NEW ISSUES

	P/E	Issue price	Current price	
ATA Selection	16	59p	60p	Recruitment
Appletree	14	138p	140p	Fruit and vegetables
Blanchards	12	75p	80p	Design
Charlie Brown's	13	76p	87p	Car parts
Cranbrook	17	70p	80p	Microchips
Goodhead	11	88p	81p	Printing
Pacer	15	170p	163p	Systems engineering
Polypipe	12	99p	102p	Plastic plumbing
Prontoprint	25	138p	129p	Print shops
Wald	13	95p	93p	Frozen peas

Open University tackles marketing

THE Open University has launched a marketing course based on hitting the market with the right product at the right time and at the right price to maximise sales to satisfied customers.

"Marketing in action" from OU's open business school, aims at companies and businesses wanting to train specialist staff without putting them out of action by sending them on courses. It is based on seven specially-written course booklets and a 250-page case study book demonstrating the practical application of the teaching material.

Phones in taxis to be tested

BRITISH TELECOM Mobile Phone Division is to provide mobile phones for taxi passengers.

BT's scheme starts on July 9 with a full-scale trial of five Birmingham taxis. Charging is set initially at 50p per minute for national calls.

More toll booths

MORE TOLL booths have been opened at the Dartford Tunnel as part of improvements on the south side of the Thames. The RAC said yesterday: "This will speed things up greatly and, hopefully, reduce some of the traffic hold-ups."

Anglo-Spanish truck venture in N-east

AN Anglo-Spanish truck venture is to go ahead in Peterlee, Co Durham, following Spain's accession to the EEC.

A new company, Fendley Industries, has leased a 13,436 sq ft factory where axles and transmissions made by ENASA, the Spanish state-owned truck company, will be used in the conversion of a wide range of trucks to all-wheel drive.

Banco de Bilbao is providing finance with the Trade and Industry Department and Peterlee Development Corporation in co-operation with Durham Council.

Channel link support

A MAJORITY of British motorists—53 per cent—favours a fixed transport link across the English Channel, according to an Automobile Association survey in Open Road, a supplement to TV Times. Only 20 per cent are against such a link. Choosing between driving across or putting their car on a train, 59 per cent of respondents preferred the former.

Britoil set for interim £100m profit

BRITOIL will be doing its best in its interim results for the first half of 1985, due on Friday, to smooth the way for the Government's sale of its remaining 48.8 per cent stake in the company later this summer.

Though the group has expanded exploration and production in the U.S. it is still dependent on the North Sea, where production has been broadly in line with the second half of 1984.

Income should be up with the fall in sterling outweighing the effect of a lower dollar price for oil. The company should also have avoided last year's currency losses, partly incurred through providing against forward oil sales in 1985.

The City is expecting net profits of about £100m, against £63.4m, with an increase of 10 to 12 per cent in the dividend over last year's 3.3p.

Although accountants Coopers & Lybrand are still stalking the corridors at Hatton Gardens there is expected to be some element of recovery in the full year results of **JOHNSON MATTHEY** due on Friday.

However, the expected £16.5m pre-tax bares no comparison with the previous year's £3.6m — the group's bank is now under the Bank of England's care and the U.S. jewellery operation has been closed.

What is left — platinum marketing and refining (via the associated Matthey Rustenburg Refiners), chemicals and refining, and mechanical production (precious metal forming for industry and semi-finished goods for the jewellery trade) — will have had a mixed year. Even without large scale traumas such as failing banks, the company can usually be relied upon to produce a disaster or two on its trading side.

What the market will be looking most closely at is the statement from Mr Eugene Anderson, the new chief executive, that will accompany the results.

ROTHMANS INTERNATIONAL which announces its results for the year to March 31 on Thursday, has two-thirds of the UK's cigarette export sales and these are mainly dollar denominated. Sterling's weakness against the dollar last year therefore brought benefits in sales and margins, but this

Results due next week

has not prevented brokers from substantially lowering their profit forecests from the 170m-£175m that prevailed a month or two ago.

The reason is the severe downturn in the group's Canadian operations, where its Carling brewing subsidiary has been severely hit by a change in the market: Carling's stubby beer bottles are no longer in vogue and the company has been hit by an exceptional £12.5m write-off in bottle stocks. Reorganisation costs in West Germany will also continue to show through.

The City will be relieved if Rothmans manages to *match* last year's £151m.

The City is expecting another strong increase in pre-tax profits from **RANK ORGANISATION**, whose interims are due on Thursday. A 21 per cent rise to £58m is forecast, achieved by a steady increase across all the group's main activities.

However, the break-down will look different from last year, following the disposal of Rank's commercial property portfolio. As a result, profits from the businesses than the company manages itself may be virtually unchanged, although with no breakdown provided investors will have to wait until year end to see how the constituent parts performed.

The effect of the disposals should be favourable overall, as the interest charge should be reduced from about £11m to under 5m.

The contribution from Rank Xerox may be up by about 12 per cent to around £40m, as it continues to bask in the success of its 10 Series range of photocopiers. Income from other associates could rise to £2m, due mainly to a return to profitability at Telecom Plus.

In spite of a marked slowing in advertising revenue **GRANADA** is expected to reach the £35m level for the six months to April—which compares with £24m last year.

The main contributor to the increase will be the rental side with the Redifusion acquisition in for the full period although there could be some rationalisation costs offsetting gains here. Overseas rentals should also be ahead with these two sectors contributing as much as two thirds of the profits.

INTASUN LEISURE makes its money in the spring and *summer* so the *group's results* for the year to March 31, to be announced on Tuesday, will largely reflect the performance in the first half. The group reported a 43 per cent rise in volume at the interim stage but margins were squeezed by severe overcapacity and by the cost of Intasun's no-surcharge guarantee at a time when the pound was weakening against many currencies. Pre-tax profits fell by £3.5m to £16.5m and losses in the winter season were expected to exceed the previous £3.5m.

Full-year forecasts are for £11.9m against £16.5m last time, but the decline will be more than offset by two exceptional items above the line: aircraft disposals should bring in about £10m and the disposal of the group's stake in Comfort Hotels a further £2m.

Lucy Kellaway
Terry Povey
Richard Tomkins
Stefan Wagstyl

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Sirna Investments and Finance	Monday	—	—	—
Baileys of Yorkshire	Monday	0.5	2.0	0.623
Britoil	Friday	3.3	6.7	3.3
Bulgin, A. F.	Monday	0.55	0.77	0.58
Bulmer, H. P. Holdings	Wednesday	2.24	2.66	2.24
Cardo Engineering Group	Monday	2.6	5.0	3.5
Elswick-Hopper	Friday	—	—	—
Evans of Leeds	Tuesday	1.25	1.75	1.375
Fleming Overseas Investment Trust	Tuesday	1.0	1.33333	1.0
Intasun Leisure Group	Tuesday	1.8	2.6	2.0
Johnson, Matthey	Friday	3.0	7.0	—
Jones Stroud	Thursday	2.5	4.0	2.5
Joseph, Leopold Holdings	Wednesday	1.875	9.375	1.875
Lloyd, F. H. Holdings	Monday	—	1.25	—
Magat and Southerns	Wednesday	2.0	2.7	2.0
Memcom International Holdings	Monday	—	—	—
Oldacre Holdings	Friday	—	—	1.7
R.E.A. Holdings	Tuesday	—	1.0	1.0
Rothmans International	Thursday	2.0	4.0	2.2
Sommerville, Wm. and Son	Thursday	0.53	3.95	—
Symonds Engineering	Thursday	0.2725	0.6125	0.3
Vinten Group	Monday	0.91	1.89	1.05
Wight Collins Rutherford Scott (Hldgs.)	Monday	0.625	1.375	0.75
INTERIM DIVIDENDS				
Anglo-American Securities Corpn.	Thursday	1.5	—	
Associated Newspaper Holdings	Tuesday	4.5	9.5	
Birmid Qualcast	Thursday	0.65	2.59	
Countryside Properties	Tuesday	1.82	3.22	
Daily Mail and General Trust	Tuesday	12.0	26.5	
Eurotherm International	Wednesday	1.25	2.75	
First Leisure Corpn.	Thursday	3.286	5.857	
Granada Group	Thursday	2.0	4.5	
Goring Kerr	Monday	2.75	6.5	
Gresham Trust	Wednesday	—	—	
Kershaw, A.	Thursday	4.0	11.0	
Leisuretime International	Tuesday	1.0	1.1	
M and G Dual Trust	Wednesday	11.8	13.9	
Pancom	Wednesday	0.7	1.3	
Romney Trust	Wednesday	1.5	3.1	
Rank Organisation	Thursday	4.8	7.2	
Rank Precision Industries	Thursday	—	—	
SGB Group	Monday	2.3	4.0	
Southern Business Leasing	Wednesday	0.75	1.5	
Tace	Wednesday	1.5	3.0	
TSL Thermal Syndicate	Friday	—	1.0	
Tribune Investment Trust	Thursday	0.55	1.7	
Vantona Viyella	Wednesday	—	—	
Webber Electro Components	Thursday	1.0	1.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

Elegance. 2.30 Hoopoe Day. 2.00 World News.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	7.00	7.12	5.59	4.07	half yearly	1	—	0-7
High interest cheque	9.00	9.31	7.32	5.32	quarterly	1	2,500 min.	0
3-month term	8.56	8.84	6.95	5.05	quarterly	1	2,500-35,000	90
BUILDING SOCIETY†								
Ordinary share	8.25	8.42	6.62	4.81	half yearly	1	1-250,000	0
High interest access	9.75	9.75	7.66	5.57	yearly	1	500 min.	0
90 day	10.75	11.04	8.67	6.31	half yearly	1	500 min.	90
Premium	10.60	11.03	8.67	6.30	quarterly	1	10,000 min.	90
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.10	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	not applicable	3	25-5,000	8
Yearly plan	9.28	9.28	9.28	9.28	not applicable	3	20-100/month	14
General extension	9.51	9.51	9.51	9.51	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.22	9.43	7.41	5.39	half yearly	1	2,500 min.	7
Schroder Wagg	9.12	9.51	7.47	5.43	monthly	1	2,500 min.	0
Provincial Trust	9.53	9.96	7.82	5.69	monthly	1	1,000 min.	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	11.35	8.19	6.61	5.03	half yearly	4	—	0
11% Exchequer 1990	11.39	7.78	5.99	4.20	half yearly	4	—	0
10.25% Exchequer 1995	11.16	7.98	6.40	4.81	half yearly	4	—	0
3% Treasury 1987	8.43	7.47	7.06	6.52	half yearly	4	—	0
3% Treasury 1989	9.24	8.14	7.59	7.04	half yearly	4	—	0
Index-linked 1988¶	9.64	9.02	8.71	8.40	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Applied Botanics	1§§	1½	4½	0.80	REA Hldgs
Bell (Arthur)	225†	240	192	297.58	Guinness
Capital & Cntles	225*	220	195	121.39	Transatlantic Ins
Carr (John)	92½§§	91	88	83.38	Rugby Prtld Cmnt
Cartwright R.	185§§	170	163	12.41	Newman Tonks
Cole Group	200	218	184	6.00	Hartons Group
Coln Group	183§ §§	218	122	5.49	Moss (Robert)
Debenhams	328§ §§	387	327	459.83	Burton Group
Gill & Duffus	170§§	171	190	112.38	Dalgety
Higsons Brewery	250§§	268	225	25.32	Boddingtons
IDC Group	283§§	365	186	19.15	Hall (Matthew)
Mchon	125*	120	74‡‡	8.76	BP
MFI	270	268	258	531.88	Assoc Dairies
Nottingham Man	265	258	233††	206.36	Vantona Viyella
Petrolex	87§§	80	81	13.59	Aran Energy
Planet Group¶	105½	104	88††	10.56	Heywd Williams
Ryfrd Supreme	346	325	200	20.24	Hrrs Queensway
Regentcrest	27½*	28½	26	4.34	Messrs R & D Richardson
Resource Tech	52½*	52	40	6.94	Inspectrate Int SA
Salincourt¶	28½	27½	28½	14.75	Stormgard
Solicitors Law	35	36	37	4.03	Hollis Bros
Solicitors Law	25*§	36	41	4.03	Pergamon
Synterials	8	8	8	14.94	BBA Group
Times Veneer	30*§	37	48	1.41	CDI Hldgs
Towngrade Secs	31½*§	40	37	1.67	Millbank Dev
United Wire	205§§	200	193	16.90	Scapa
Yorkgreen¶	14½	13	10	1.59	Talbex Group
York Trailer	45*	41	32	4.96	Utd Parcels

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on July 5 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bertram Hldgs	Dec	1,090	(608)	3.0	(1.0)	1.25	(0.88)
Booth, John	Mar	112	(207)	12.2	(13.9)	2.0	(2.0)
Brown, John	Mar	1,100	(5,600)L	—	(—)	—	(—)
Celestion Ind	Mar	825	(—)	2.2	(—)	1.0	(1.0)
CML Microsystms	Mar	1,350	(912)	9.9	(6.8)	1.4	(—)
Daejan Hldgs	Mar	13,260	(12,830)	48.0	(46.3)	13.0	(12.5)
Delmar Group	Mar	371	(247)	3.9	(2.3)	1.85	(1.62)
Dwek Group	Mar	177L	(163)	—	(1.9)	—	(—)
GEC	Mar	725,000	(871,000)	14.9	(14.2)	4.0	(3.45)
Greene King	Apr	9,650	(8,760)	14.8	(12.6)	4.87	(4.35)
Hollas Group	Mar	1,120	(1,030)	2.8	(2.4)	2.0	(2.0)
Horsell, F.	Mar	3,700	(2,480)	38.9	(24.1)	1.0	(—)
Illing Morris	Mar	4,140	(2,370)	9.9	(4.4)	1.0	(—)
Kraft Products	Mar	43L	(301)L	—	(—)	—	(—)
Lawrie Group	Dec	10,920	(9,770)	232.6	(201.8)	35.0	(30.0)
Marstn, Thmpsn	Mar	8,380	(7,380)	5.8	(4.6)	1.95	(1.73)
Milford Docks	Mar	413L	(403)L	—	(—)	—	(—)
Mountleigh Grp	Apr	2,530	(1,700)	35.4	(26.5)	6.5	(5.5)
Norbain Elect	Apr	1,110	(664)	9.5	(7.0)	1.2	(1.0)
Pepe	Mar	2,630	(915)	7.8	(2.7)	1.5	(—)
Priest, Benjamin	Mar	361	(1,320)L	1.0	(—)	—	(—)
Rothschild, J.	Mar†	70,100	(—)	34.2	(—)	5.7	(—)
Russell, Alex	Mar	955	(3,020)	2.3	(7.2)	1.33	(1.11)
Sarasota Tech	Mar	2,230	(2,230)	7.1	(7.4)	2.31	(—)
Scot & Newcastle	Apr	65,200	(55,200)	15.3	(13.5)	6.09	(5.37)
Sutcliffe Speak	Mar	220L	(104)L	—	(—)	—	(—)
Textured Jersey	Apr	855	(485)	13.9	(10.1)	5.0	(4.0)
Toothill, R.	Mar	307	(325)	25.7	(27.3)	7.5	(7.5)
Utd Guarantee	Mar	157	(71)	1.44	(1.62)	0.5	(0.75)
Vosper	Oct	1,020L	(2,050)	—	(—)	—	(5.25)
Walker, A.	Apr	25	(4)	—	(—)	0.75	(0.75)
Walker & Staff	Mar	120	(210)	—	(—)	1.7	(1.65)
Wedgewood	Mar	15,110	(11,000)	21.8	(15.0)	7.25	(5.75)
Zygal Dynamics	Mar	230L	(347)	—	(5.6)	—	(0.75)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Baynes, Charles	Mar	180	(242)	0.65	(0.5)
Greenwich Cables	Feb	231L	(180)L	—	(—)
Jones, Ernest	Mar	1,120	(972)	1.4	(1.4)
Lincroft Kilgour	Mar	651	(459)	2.0	(1.5)
LPA Industries	Mar	406	(371)	1.4	(1.05)
Norfolk Capital	Mar	62	(139)	0.1	(0.08)
Oakwood Group	Mar	68	(298)L	2.0	(—)
TV South	Apr	3,370	(4,810)	2.0	(2.0)
Warner Holidays	Mar	1,430L	(1,450)L	—	(—)
Whitworths Foods	Mar	231	(171)	0.7	(—)
Widney	Mar	295	(70)	0.26	(—)
Williams, Rex	May	73	(68)	0.42	(—)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share except where otherwise indicated. † For 15 months. L Loss.

RIGHTS ISSUES

Brown, John—To raise £12.6m through a five for 13 rights issue at 25p.

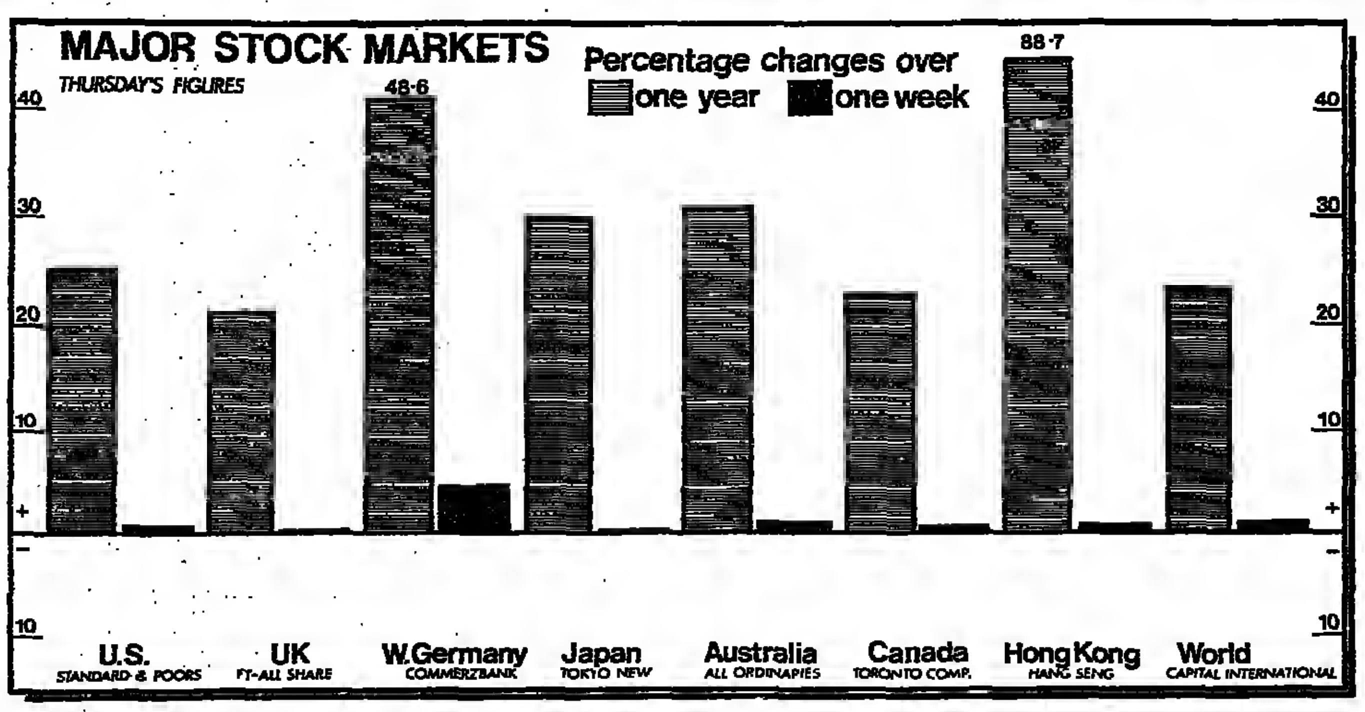
Macallan Glenlivet—To raise £6m through a rights issue of 6¼ per cent convertible unsecured loan stock 2005 on the basis of £1 for every ordinary share held.

Walker, A.—To raise £0.9m through a rights issue of 8¾ per cent convertible preference shares of £1 at par, on basis of one for 2.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

ATA Selection—USM placing of 2.1m shares at 59p.
Dean Park Hotels Group—USM placing of 0.45m shares at 51p.
Isotron—Offer for sale by tender of 3.29m shares at 120p.
John Michael Designs—USM placing of 2.8m shares at 44p.
Lucas Industries—Placing of 6.1m shares at 295p.
Trillon—USM placing of 2.6m shares at 73p.

• MARKETS •



New York

Caution rules despite forward surge

THE U.S. equity market has reached the midway point of this year looking, on the face of it, in the pink of health. Most of the leading indices are standing near record highs, interest rates have come way down, and the latest signals from the economy suggest that the first quarter slowdown is being overtaken by a resumption of modest growth. On June 1, the Dow Jones Industrial Average stood 125 points up on its kick-off point at the beginning of the year, a rise of around 10 per cent.

Yet, there are no signs of great euphoria around on Wall Street. In recent weeks, the excitement that exploded during the last two big market breakouts — in August last year and again in January — has been notably absent. Indeed, most analysts in their mid-year commentaries, have been decidedly cautious about the prospects, advocating defensive stocks and consumer staples rather than the speculative growth companies that fuelled the beginning of the present bull market almost three years ago.

Investors have fought shy of the high-technology shares, the star performers in the early stages of the bull market, while becoming increasingly wary of sectors dependent upon discretionary private household spending, such as cars. They have also taken a decidedly sceptical, wait-and-see attitude to those companies which depend on large-scale investment, ignoring the arguments that they would eventually be swept along by the economic recovery.

As a result of this investment stance over the past six months, the leading sectors include textiles, which achieved a 23 per cent increase, according to Barron's group stock averages; foods and beverages, which were up by 30 per cent; and grocery chains, up by 20 per cent. Motion pictures came back into fashion in an even more surprising way, with Barron's index rising by 45 per cent, partly because of takeover interest in the sector; and airline companies, buoyed by falling fuel prices and the reduced costs of servicing heavily indebted balance sheets, produced another stellar performance for investors—a rise of 34 per cent in the six months.

The losing sectors included farm equipment, not surprisingly down by more than 2 per cent after the fall-out in the industry; steel and iron, which fell by just over 1 per cent; and the packing industry, which suffered a 2.4 per cent decline. Heavy machinery and machine tools did slightly better than hold their own, but office equipment rose by only 1.2 per cent —a clear signal of the problems facing an industry which has been running so fast that it now has to pause for breath to consider its next move.

The relative performance of these stock averages underlines the discrepancies in what has been called the "two-track" economy, where service sectors protected from foreign competition are easily out-performing manufacturing companies which cannot escape the pressure of imports.

Some analysts argue that the depressed industries could well prove a fatal flaw to economic prospects over the next 12 months. These sectors will be unable to put the spring back in their step without a slide in the dollar, they say, while a slide in the dollar might be impossible to engineer without a recession which would affect everyone. This idea was recently summed up in a neat paradox from Francis Kelly, of Oppenheimer: "The dollar must slump to prevent a recession but the dollar can only slump if there is a recession."

Gloom about the dollar, however, is by no means universal. Wall Street is also impressed by the fall in inflation, the sustained growth of the past two years, and the continuing slide in wage claims. There is a widespread belief that these factors represent a much healthier economy than the high inflation era of the 1970s.

These arguments are highlighted in Salomon's latest survey of returns provided by a broad cross-section of tangible and financial assets. Salomon, naturally, is not above blowing *its own trumpet, since it advised* investors last year to stay with stocks and bonds at a time when they were generating poor returns. Anyone who followed the company's advice, it says, would be showing a 43 per cent on bonds in the 12 months to June 1, and a 29 per cent return on equities.

Among tangible assets, only Old Masters (plus 13.6 per cent) and U.S. coins (plus 11.5 per cent), have given any competition at all to stocks and bonds; while housing, the perennial favourite of the 1970s, was up by only 2.5 per cent (or less than the rate of inflation). Other out-performers of yesteryear produced negative returns, among them oil (down by 4.5 per cent), U.S. farmland (down by 10 per cent) and gold (minus 20 per cent).

Salomon concludes that over the present 12 months many of the same market forces will stay in place, and that stocks will provide the best return among financial assets. Whether these rosy forecasts can be achieved without some drastic action on the budget deficit, or an increase in taxes, is the issue debated most widely in Wall Street.

MONDAY	1337.14	+1.68
TUESDAY	1334.01	−3.31
WEDNESDAY	1326.39	+7.62
THURSDAY	Market closed	

Terry Dodsworth

Milan

Takeover mystery

WHAT IS the Italian translation of a stock market "dawn raid?" The answer is that things work slightly differently on the Milan Bourse, where this past week has seen the most dramatic takeover attempt since the heady days of Michele Sindona more than a decade ago.

What has been happening is *that a mystery* buyer has spent an estimated L180bn (£72m) to build up a 47.8 per cent stake in one of Italy's largest private-sector industrial and financial *conglomerates* — the Bonomi family's BI-Invest group. The mystery buyer now holds more than the 30 per cent officially declared stake held by Sig Carlo Bonomi, *chairman* of BI-Invest.

Instead of a dawn raid, the mystery buyer instructed Lombardfin, a Milan stockbroker, to enter the market and buy shares *every day* for the past month. In Italian, they call it a *scalata* or an escalating climb. In the UK market, the takeover panal would have long since stepped in as a *full* offer would already be on the table, but in Milan the rules are somewhat freer.

To its credit, the newly revitalised Consob stock market authority did step in this week and demand some explanations, but all it got was the news that a certain Sig Francesco Micheli, an art auction house vice-*president* and *member of the* board of Morgan Grenfell in London, was co-ordinating the operation for an unidentified consortium of Italian investors.

Meanwhile, the Bonomis, an old Milanesi family with a variety of business ties to the more famous Agnellis and Pirellis, found themselves on the wrong end of an aggressive takeover attempt. But even the word "takeover" requires a degree of care in Italy — companies are often controlled by "syndicates of control," rather than absolute shareholding majorities. With just a 30 per cent stake, the Bonomi family (Sig Carlo Bonomi inherited the chairmanship from his mother, the feisty "Signora Anna") has been lord and master of BI-Invest.

The BI-Invest group, by the way, had 1984 turnover of L1.598bn (£639m) and important shareholdings in areas as diverse as insurance, property, pulp and paper, matches, wine-making, textiles and the mail-order catalogue business.

The siege of BI-Invest saw the price of the company's shares rise by a staggering 176 per cent over the past month—this week's share price jump alone totalled 66 per cent. These numbers may seem startling, but consider this: the Milan Bourse has gained an average of 74.4 per cent (on the Banca Commerciale Italiana bourse index) since the start of the year.

Small by world standards, with a total market capitalisation about one-tenth of the size of the London Stock Exchange, the Milan Bourse has come into prominance this spring. Companies such as Fiat, Olivetti and Pirelli have been producing appealing profit figures and balance sheets. Montedison, the Milan-based chemicals group, has emerged from crisis with major reorganisation and debt restructuring and even predictions of a profit for 1985 after years of horrendous losses.

Foreign institutional investors, especially from Wall Street, the City, West Germany and Japan, have been active players in Milan, generally on the buying side. It is estimated that as much as 10 per cent of the market may now be in foreign hands. At home, newly authorised unit trusts have poured liquidity into the Bourse.

The image of Italy in general has improved so much that Italian state agencies are beginning to *call* the shots with Euromarket bankers, demanding refinancing of Euroloans on finer terms and raising fresh funds on tight margins.

In this go-ahead context, the Bonomi family has found itself ambushed. To defend itself, it is convening a July 22 meeting to ask for authority to buy its own shares. It is also counting on the conversion of outstanding bonds into shares to counterbalance the mystery buyer's shareholding, which would drop to 38 per cent, following full conversion of bonds.

But it may be too late. Sig Micheli, the self-styled "co-ordinator of the share-buying *operation." reckons his group* has already got effective control of BI-Invest.

The Bonomis, meanwhile, appear to be regrouping to consider their *strategy*. The urbane Carlo Bonomi—who spends much of his time at his house in Belgravia and sports an elegant stick (needed because of a motorboat accident in his youth)—did not make any comment on the takeover attempt.

Milan's stockbrokers and bankers, on the other hand, have been gossiping incessantly about the scalata this week, picking over share-transaction snippets with morbid Milanesi fascination. The general consensus that the battle on the Bourse was better entertainment that Wimbledon or the World Cup. Presumably, this view is not quite shared at BI-Invest's headquarters: for the Bonomis it must be a nightmare.

Alan Friedman

Mining

A real promoter

IN THE world of mining, to describe someone as "a promoter" is likely to be intarpreted as an insult. The implication is that the person so described would not shrink from exaggerating the value of a mineral deposit, or of a company itself, for personal gain.

Yet it is not easy to come up with a suitable alternative to the word, used in its proper sense, to describe Mr Bill Galbraith, *chairman of Australia's Carr* Boyd Minerals. In an industry dominated by enthusiasts, Mr Galbraith's campaigning zeal stands out.

He and his company have been around for some time—both are survivors of the boom in Western Australian nickel exploration stocks of the late 1960s — but his zest for the mining industry remains undiminished.

This was demonstrated during *his visit to London this* week, the prime purpose of which was to announce that the Harbour Lights gold mine near Leonora in Western Australia had reached full production a month or so earlier than expected.

Apart from that, Mr Galbraith also found time to go into some detail about his latest project, a remote sensing system for identifying likely targets for mineral exploration drilling, and to communicate his genuine enthusiasm for the future of Western Australia as a gold producing region.

It is this last which singles Mr Galbraith out from many of his *contemporaries* in the business. Most mining men are only too pleased to have an opportunity to wax lyrical about their own prospects, but it is *rare indeed to find one who is* prepared to go into bat for a whole state.

Mr Galbraith's enthusiasm is currently being borne out by events, with a number of interesting gold developments taking shape in and around Kalgoorlie. Harbour Lights, in which Carr Boyd holds a 39 per cent interest, is expected to produce around A$40m-worth of gold (at current prices) in the next 12 months, and has sufficient reserves for a good many years to operation.

This open-pit operation reached its targetted production level of 500,000 tonnes a year just a couple of weeks ago, and gold output in the first year will be some 83,000 ounces. Reserves amount to 5.5m tonnes at an average grade of 4.4 grammes of gold to the tonne.

Other interests in Harbour Lights are Esso Exploration and Production Australia, part of the Exxon oil group of the U.S. the Exxon oil group of the U.S., with 50 per cent, and two small Australian companies, Aztec Exploration and Hill Minerals, with 9 per cent and 2 per cent respectively.

Now that the gold mine is up and running, Carr Boyd has some ambitious plans for further exploration. Obviously Australia must remain a prime target—in fact, there is still some work to be done to enable the joint venture partners to decide whether there is potential for an underground mine beneath the Harbour Lights open pit—but Carr Boyd is also turning its attention to other areas of the world.

Helped to some extent by the proposed inclusion of gold mines within the Australian tax net, the company has plans to explore "in any country of the world where profit does not have a bad name," as Mr Galbraith puts it. The prime targets are North America and Indonesia.

Carr Boyd is not alone in its growing interest in Indonesia. Mr Peter Howe of the Australian geological consultants A. C. A. Howe International was also in London recently, extolling that country's virtues as far as mining projects are concerned.

The consulting firm is involved with Jason Mining, one of the more interesting Australian junior exploration counters, which is very active in the search for gold in Indonesia. Mr Howe is convinced that the country's contracts of work system for mining developments strikes a fair balance between the often conflicting requirements of the native population and would-be investors from overseas.

George Milling-Stanley

Investment trust warrants

Low costs, high reward

IF YOU have been despairing at the recent losses on your blue-chip shareholdings, perhaps it is about time to consider an alternative strategy: seeking out the sectors that the big institutional investors leave alone.

Stock market cynics, backed by the academic evidence in favour of the efficient market theory, claim that, unless you have a run of good luck, you are not likely to get the better of professional investment managers. After all they spend their working lives analysing companies and markets and, as a group, it is they who determine the prices of most shares and bonds.

Over the last quarter century one sector that has offered abnormally high returns to the little man has been smaller companies whose shares are not easily marketable in large quantities.

But another, more tax efficient and potentially less risky sector which has recently come to life is that of investment trust warrants. Holding the warrants of two or three investment trusts is no more risky than investing in a general unit trust, if you do your sums carefully. At the same time, the costs are lower and the potential rewards higher.

It is now possible through a stockbroker to buy the warrants of nearly 40 investment trusts. But to choose the right ones you have to do your homework.

Warrants give you the option to buy shares at a fixed price over what is usually a period of several years. If the shares rise in value above the fixed price, anyone exercising a warrant can pocket an immediate capital gain. In these circumstances, the warrants become extremely valuable.

In general, they will rise and fall in value more rapidly than the underlying shares. For example, if the exercise price of a warrant is 100p and the underlying shares rise in value from 105p to 125p, the intrinsic value of the warrant will rise from 5p to 25p. And vice-versa for a fall.

But in addition to their intrinsic value, warrants have a "time value" which takes into account the possibility that the underlying share price of the investment trust will rise further before the final exercise date of the warrant. The time value reduces the sensitivity of the warrant price to the underlying share price. But as the final exercise date approaches, the time value diminishes and the volatility of the shares increases.

So to reduce your risks and avoid a sudden death, go for warrants which still have plenty of time to run.

Warrants have similar characteristics to conventional traded options. But they are a less speculative investment because of their long lives. On average they last for nearly seven years compared with a maximum of nine months for traded options. They also differ in that they are issued by the company itself which is also obliged to issue new shares to allow the warrants to be exercised.

Hard-pressed investment trust managers have started issuing warrants in recent years as a way of bridging the gap between their lowly-rated share prices and the net value of the assets in their trusts. By issuing warrants to shareholders, they appear to have found a way of conjuring extra value out of nothing. When the warrants are issued, the ordinary share price of the trust may fall slightly in anticipation of the exercise of the warrants when the value of the ordinary shares will be diluted. But shareholders will be more than adequately compensated by the value attached to their newly-issued warrants.

The extra value created may be partially justified on the grounds that a new instrument has been created with different—and more attractive—risk and tax characteristics. But the device is mostly a marketing ploy, albeit a successful one. It has allowed several new investment trusts to be launched, such as Lloyds Bank's German Smaller Companies trust and the Martin Currie Pacific Trust, and has allowed others, such as the Throgmorton Trust, to issue new shares in a bid for another trust company.

How do you decide whether a warrant at any particular time represents good value compared with the underlying shares? A complete answer can only be given by a complex mathematical calculation. But the stockbrokers who cover the sector can help you out.

They include Laing and Cruickshank, which produced a booklet on the sector in April, De Zoete and Bevan, Grieveson Grant, Wood Mackenzie and W. Greenwell. Greenwell calculates, on the one hand, the time value of holding a warrant by discounting the subscription price over its life at the current rate of interest. On the other hand, however, warrants offer no dividends. So Greenwell calculates the costs of sacrificing the stream of dividend income net of tax which you would receive by holding the underlying shares.

It concludes that at present the warrants offering the best value are those of Witan Investment Company, a £350m general investment trust focussing on the U.S., UK and Japan managed by Henderson Administration. Towards the end of this week the warrants which expire in 1993 were trading at a price of 36p against a theoretical value (using the standard Greenwell formula of 57.5p. Analyst Martin McRitchie believes that the Witan trust is well-run by one of the City's most respected investment management companies. The trust shares are also trading at a large discount, about 29 per cent, to the trust's net asset value. Thus investors have a double discount to exploit.

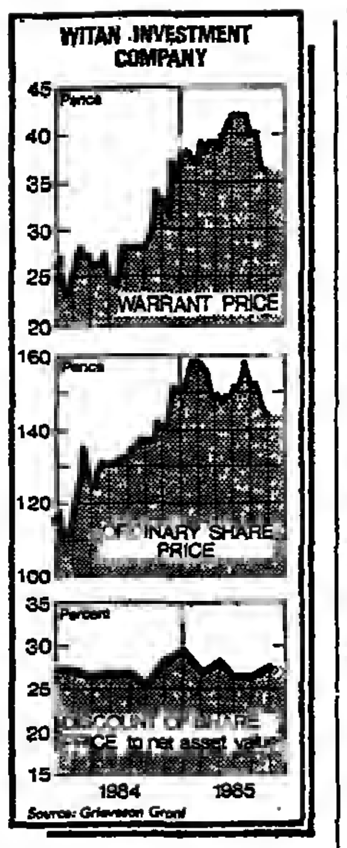
The relationship between the ordinary share price and warrant price in the case of Witan is demonstrated by the *charts*. The discount of share price to net asset value is also shown.

Another set of investment trust warrants which are standing at a discount of 50 per cent to their theoretical value are those of the £110m Hambros Investment Trust, also a general international trust. McRitchie believes that investment trust warrants on average stand at a discount of about 25 per cent to their theoretical value implied by the Greenwell formula.

Other formulae, for example the long-established Black and Scholes model, imply an even larger average discount if you assume that the share price volatility of the last four years is sustained. Also, if you are a higher-rate taxpayer, the after-tax value of the dividends from holding the ordinary shares will be less than that assumed by the models.

Two other stockbrokers, Chris Agar of de Zoete and Bevan and *Roger* Adams of Laing and Cruickshank, also recommend the Witan warrants, although they use different formulae for calculating warrant values. In addition, both these brokers recommend the warrants of the Edinburgh Investment Trust, another large, general international fund. Adams is also recommending the warrants of the Throgmorton Trust which, like Edinburgh, has an impressive investment performance record. However Throgmorton Trust shares are on a relatively low discount to the trust's net asset value.

Clive Wolman



Investor's tale

Research pays off

GERALD FISHER, a retired lecturer in engineering at a Midlands university, knew nothing about the stock market when he was asked to manage a family trust 12 years ago.

The trust had been set up with £2,000 in 1932. But the trustees' conservative investment policy left the assets so badly ravaged by inflation that they were valued at only £1,800.

Fisher decided that a more activist investment policy was needed, so he began to study the stock market. "I do not have faith in anything unless I have researched it," he said. "I just made up my mind I was going to learn about the stock market. There is an enormous amount of information available."

One of his first moves suggested the opposite of a growing interest in the stock market—he sold off all the equities in his portfolio. But his decision proved correct. This was in early 1974 as the market fell to its lowest level ever in real terms. "I smelt a rat in 1974," he says. "But since the market recovered I have invested consistently. I regard shares as a long-term investment."

Fisher's interest in warrants began slowly. He bought the warrants of a few industrial or trading companies such as Ladbrokes, Burtons and Lex Services. But his major commitment to them in the investment trust sector began only about three years ago when he retired and was looking for a way to switch part of his portfolio overseas. He bought nearly £3,000 worth of warrants in Baillie Gifford Japan and his investment has now multiplied more than four times.

"I bought them because I wanted to invest in Japan and I had a high regard for Baillie Gifford as fund managers." He also bought warrants in RIT and Northern, an investment trust which has now become Jacob Rothschild's investment dealing and venture capital vehicle. The value of his warrants has increased four-fold and he is holding tight.

His interest in the Far Eastern markets remains. He has recently bought a small holding of Fledgeling Japan Investment Company and New Tokyo. But his interest has now extended to the warrants of many general and UK-oriented trusts such as Group Investors and the two Henderson-managed trusts, Witan and Greenfriar.

He now holds the warrants of about 14 investment trusts. He chooses his companies partly on the basis of the investment performance record of the fund managers and partly by using technical calculations of the values of the warrants — and relies heavily on stockbrokers' research.

"When I started, there were few trust warrants around. But now they have become very popular — they are marvellous vehicles."

Fisher's strategy is cautious. Because of the magnified volatility of warrants (the "gearing" effect) he limits his commitment. "If I have £3,000 to invest I will only put about £1,000 into the market for warrants. The rest will go into gilts or the building societies."

In the past he has been tempted by a more speculative approach. "I have dabbled in options. But it is a nerve-racking business and I do not have the stomach. For options, your timing is crucial. But you can put away warrants for several years without having to do your homework every morning."

In the three years of his involvement with trust warrants, a period of strong bull markets, he has never sold any at a loss.

C.W.

Cautious view on small company funds

Margaret Hughes concludes the series on smaller companies' funds.

BRITAIN'S smaller companies have never been treated so well.

They owe much of their current popularity to the creation in November 1980 of the Unlisted Securities Market (USM) and the role the Government sees fo rsmall businesses in its vision of an entrepreneurial, job-creating economy. Its enthusiasm has led to major tax incentives being granted to investors in unquoted companies through the Business Expansion Scheme.

But for smaller investors who cannot afford to take the risks of investing in just a handful of unquoted companies, unit trusts specialising in smaller companies are the most suitable vehicle.

There are 22 such unit trusts, and another two, managed by Gartmore Fund Managers and by Lloyds Bank Unit Trust Managers, which spread the risks still further by splitting their portfolio between small companies and recovery stocks. Those who manage these specialist funds are tending to adopt a more cautious view of this sector of *the market*. This is prompted by the belief that investors are unlikely to benefit from the same rises in the next few years as they have enjoyed overd the past three or four.

The best performers of the small companies funds over the past five years has been Schroeder's.

Schroder's UK smaller companies unit trust used to be international but it now has 75 per cent of its portfolio invested in UK companies. Roger Hill who has managed the fund since its inception now has as much as £25m under management. He *therefore* invests in several "larger" small companies with a market capitalisation ceiling of £100m.

In the technological field he has concentrated on medical technology companies such as Oxford Instruments. But the bulk of his portfolio is in food retailing and other consumer related fields such as Hazelwood Foods, Etam, Starkis, Foster Bors (since taken over by Sears). Other good performers have been the insurance brokers Steel Burrill Jones.

Next best performer over five years is the much smaller Arbuthnot's with £2.9m under management. It attributes its success to growth in high-tech U.S. stocks. Over the past year it has, however, become much more UK-oriented with 88 per cent of the fund now invested in UK equities.

The fund's portfolio, which is currently invested in 45 companies, is largely unchanged since the beginning of the year. Among its star performers are TSL, which produces heat resistant materials for the electronics industries, Lamont Holdings, the Belfast textiles *company*, and *Tarnpure, producers* of non-chemical water purifiers.

Britannia's manager, Stewart MacDonald, who took over in February, currently has £10.5m under management in this fund spread over 45 stocks and sticks fairly rigidly to a market capitalisation ceiling of £50m. He is now cautious about the market and is switching towards stocks backed by tangible assests and higher yields to protect his fund. He feels that companies which are dependent on one man or his team are vulnerable at present.

His fund has a high proportion of mechanical engineering and capital goods stocks. Although he has pulled out of electronics, reducing the proportion of the fund's exposure from 3, 3per cent of the portfolio in January to 0.4 per cent, he expects to return in six to nine months.

Even so, he feels that there are several good smaller electronics companies whose shares have been undeservedly marked down.

Best performer of funds managed by clearing banks has been Lloyds Bank which invests in small companies and recovery stocks. The 100-stock portfolio is well spread. Star performers are Hazlewood Foods Carlton Communications which specialises in *electronic* editing for the film and video industries, Reed Executive secretarial services and SKI Electrical.

Mr Harris views the recovery side of the portfolio as a means of offsetting the potential cyclicality of small companies' performance. He will invest in any company which has suffered a downturn in prots but has good recovery prospects.

THE TOP EIGHT PERFORMING UK SMALLER COMPANIES UNIT TRUSTS

The value of £1,000 invested for five and two years up to June 1, 1985, on an offer to offer basis.

Unit trust	Five years	Two years
Schroeder	4,274	1,345
Arbuthnot	4,165	1,369
Brittania	4,082	1,455
Lloyds Bk SC Rec	3,580	1,530
Barrington	3,380	1,605
Nat West	3,287	1,447
Wardley	3,213	1,426
M and G	2,727	1,464

Source: Money Management

Insurance

Jasper's walkies lead to court

LAST WEEK, Jasper, an Afghan bound living in central London, cost a major insurance company £19,500. The money was paid in an out-of-court settlement to a motor-cycle messenger, a delivery van driver and the owner of a new BMW.

Last December, Jasper was taken for a walk by his owner, 55-year-old Mrs Freda Jones (not her real name) not far from their home. Although they were walking down a busy street, Mrs Jones decided to let Jasper off his lead.

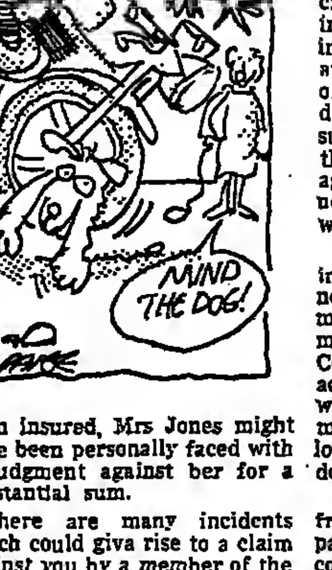
He suddenly ran into the road, causing a passing BMW to swerve and hit an oncoming delivery van. The car also hit a motorcycle messenger, knocking him off his bike and breaking a leg.

It was agreed by all the injured parties that Mrs Jones was to blame. She should never have allowed Jasper to walk along the road without a lead. Solicitors were duly instructed and Mrs Jones found herself on the receiving end of a High Court writ claiming substantial damages for negligence.

Your legal liability to members of the public will arise if it can be shown that you have acted negligently. Mrs Jones might not have faced a claim had she been walking her dog in open ground in the countryside when the accident occurred.

Mrs Jones was, however, fortunate in one sense. She had recently renewed her Home Contents Policy which, in addition to insuring the contents of her house also covered her legal liability for claims from third parties for damage or injury. She was thus able to ask her *insurance company* to *step in* and indemnify her for the damages claimed against her in the High Court proceedings.

Both vehicles had been damaged—the repair bills were £4,000—and the messenger, who was hospitalised for three weeks and unable to work for six months, was seeking compensation for pain and suffering and loss of earnings. Had she not been insured, Mrs Jones might have been personally faced with a judgment against her for a substantial sum.



There are many incidents which could give rise to a claim against you by a *member* of the public. Suppose, for instance, that one of your children riding a bicycle on the pavement knocks down and injures an old lady. Or that a garden bonfire causes a fire which destroys your neighbour's house. Or you step into the road causing a bus driver to swerve and hit another car. In all of these cases a court would award damages against you if you were shown to have been negligent.

There used to be special insurance policies which covered personal liability only. Claims were infrequent and the premiums were always small. However, *most people* never bothered to take them out. Nowadays personal liability cover is automatically offered by most insurance companies alongside household contents policies.

The protection which is given to the policy holder is also given to members of his family although some policies expressly state "any member of the family permanently living with him." A son or daughter who is away at school or college is still considered to be "*permanently*" *living* with his parents.

In addition to the indemnity for legal liability, the policy will also cover the costs and expenses of defending or settling legal proceedings. This is important because even if you are not found liable at the end of the day, the legal costs of defending yourself could prove substantial and may be more than the amount claimed against you. Insurers will normally pay all costs incurred with their written consent.

There are, however, some important exclusions. There is no cover for damage caused by mechanically propelled equipment such as cars or boats. Cover is not provided for accidents arising in connection with your profession or employment. Nor is there cover for loss or damage arising from any deliberate act.

Insurance for pets is available from most large insurance companies and from two specialist companies. *These* are Pet Plan Limited (01-997 1414), which is underwritten by Lloyd's, and Paws, which is administered by Jardine Glanvile (UK) (021-236 9741). The premiums are about £20 for a cat and £25 for a dog and in both cases cover up to £500,000 third party insurance for injury to persons and or damage to property caused by the pet. They will also cover loss by theft and accidental death. Some policies pay boarding fees for the pet if the owner is hospitalised. The proposal form will ask for details about the animal's health, sex, age and market value. Some proposal forms also ask the particular question of whether the animal has any vicious tendencies.

Be careful, however. If your dog has a history of causing accidents, you will have to tell insurers. Otherwise they might refuse to meet any claims on the grounds of non-disclosure.

Jeremy Sandelson

New products

THE LONE crusader for lower unit trust management charges has given up the struggle. Framlington is to join other management groups by raising its annual fees from the 0.5 per cent level at which they were once restricted (see table for comparisons).

Charges on funds investing in the UK will rise to 0.75 per cent, while those investing overseas will charge 1 per cent. This all takes effect on October 1.

Framlington changed its trust deeds last October to allow annual charges to be increased, but said at the time it had no intention of doing so. Tim Miller, a director of Framlington, says now the group was out of line with the rest of the market.

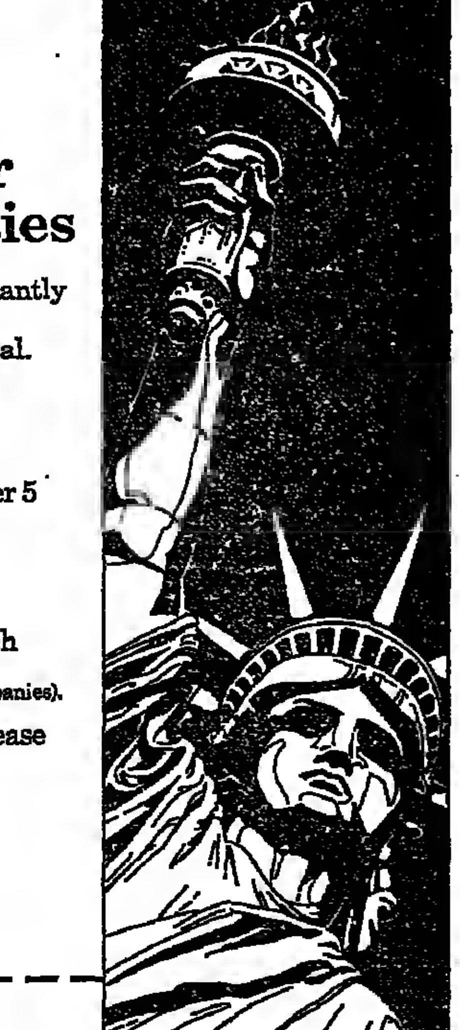
He pointed out that the new Schroder Extra Income Fund, which competes with Framlington's Monthly Income Fund, charges 1 per cent already, with provision in the trust deed for fees to rise to 3 per cent.

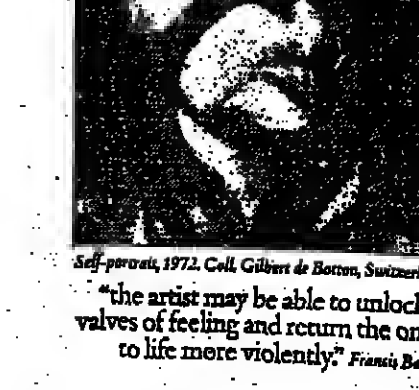
WHAT THE MAJOR GROUPS CHARGE

	Average annual charges % per year
Hill Samuel	0.672
M & G	0.705
Allied	0.750
TSB	0.750
Abbey	0.760
Gartmore	0.770
Save & Prosper	0.801
Schroder	0.804
Barclays Unicorn	0.819
Framlington	0.850
Mercury	0.906
Britannia	0.917
Henderson	0.940
Target	0.976
Fidelity	0.977

ANTIQUE clocks are the attraction in a company offered to investors under the Business Expansion Scheme by the Guidehouse Group. The Antique Connoisseur plc will buy and sell antique clocks and watches, as well as silver, jewellery and Jewish religious works of art from a shop off London's Bond Street.

The world trade in antiques has expanded rapidly in recent years, the company says, with exports from Britain reaching £271m in 1984—30 per cent up on the year before. The Antique Connoisseur wants to raise up to £560,000 to build up a large trading stock. The increased capital base will be helpful in competing for private collections, which are often sold without going to public auction. It expects to make a gross margin of 30 per cent on its trading activities.





Turn overseas stints to best advantage

HIGHER SALARIES, an increase in work experience, and the avoidance of UK tax are three attractions of working overseas.

However, a surprising number of expatriates do not make the most of their fiscal privileges simply because they are not aware of the rules which govern the legitimate avoidance of income and capital gains tax. So a stint overseas which should have been a tax "holiday" ends up as a large tax liability.

Generally, the UK tax system seeks to tax all income arising in the UK, no matter to whom it belongs, and all income arising outside the UK which belongs to UK residents.

Those who are resident or ordinarily resident in the UK are liable to UK tax on their worldwide capital gains.

It follows that expatriates can minimise their UK tax liabilities by minimising their UK source income and by acquiring the coveted not-resident and not-ordinarily resident status.

In order to be treated as not-resident in the UK, an expatriate must be in full-time employment overseas and his absence must span a complete tax year (from April 6 to April 5). Interim visits to the UK during this period must not exceed either six months (calculated as 183 days) in any one tax year, or three months per tax year when averaged over four years.

The terms "resident" and "ordinarily-resident" are used in the everyday sense and always with reference to a particular tax year. Ordinarily-resident really means habitually resident. So someone could be ordinarily-resident in the UK but not resident in a particular tax year if he or she had lived in the UK for several years and then had gone abroad for a full tax year during which he or she did not set foot in the UK.

An example of such a one year drop-out plan, involving the Sixties pop star Dave Clark, came to the courts earlier this year. Dave Clark, a British subject, was resident in the UK before and after 1978-79. In December 1977 he received an advance royalty from a recording company of $500,000. Because he was self-employed, the royalty was assessable under Schedule D for 1978-79.

To avoid a UK tax liability, Clark took up residence in Los Angeles and carried on his profession there between April 3, 1978 and May 2, 1979, thereby remaining outside the UK for a complete tax year.

The Inland Revenue tried to charge UK income tax on the sum of $500,000. But Clark won

Expatriates

his case on the grounds that he was not resident in the UK during that particular tax year nor had he left the UK *only* for the purpose of occasional residence abroad.

The High Court judge, Mr Justice Nicholls, said: "Residence abroad for a carefully chosen limited period of work there is no less residence abroad for that period because the major reason for it was the avoidance of tax."

He also said that Clark could not be considered to have left the UK for the purpose only of occasional residence abroad. *He had been away for more than a year and had been based in one place, Los Angeles.*

The case illustrates the Inland Revenue's tough stance against tax avoidance, and expatriates who wish to emulate Clark in either method of magnitude of earnings should take care.

One regulation which affects non-resident status concerns the use of available accommodation. If someone who is not in full-time employment overseas keeps accommodation available for his use in the UK, he is regarded as resident in the UK for any tax year in which he visits the UK, however briefly.

Usually it is the husband who is employed overseas while the wife (who is treated independently for residence purposes) may find it difficult to work full-time abroad because of local employment restrictions. This means that the wife has only to set foot in the UK in order to lose her non resident status by dint of having accommodation available for her use in the UK.

This situation can be turned to advantage by using the wife's personal tax allowance (to which a non-resident is not entitled) to offset any UK source income, such as rental income, which is in the wife's name.

Of course, not everyone is fortunate enough to have a contract of employment which covers a full tax year. However, longer absences from the UK can attract full tax relief on overseas earnings (though not on capital gains or on other sources of income) provided that the overseas employment is carried out during a qualifying period of at least 365 days.

During this qualifying period, visits to the UK, either on leave or on incidental duties, must not exceed either 62 consecutive days or one-sixth of the total number of days in the period. Refer to the table.

Taking the first "overseas-at home-overseas" sandwich (ABC), the number of days spent in the UK (20) is less than 62 and is also less than one-sixth of the cumulative total (1/6 × 220 = 37), so this can contribute towards the qualifying period.

Next, considering the period A to E, the number of days (28) spent in the UK again is less than 62 and the total number of days spent in the UK (48) is less than one-sixth of the days in the period (373). These 373 days can therefore be treated as a single qualifying period and the overseas salary will be exempt from UK tax.

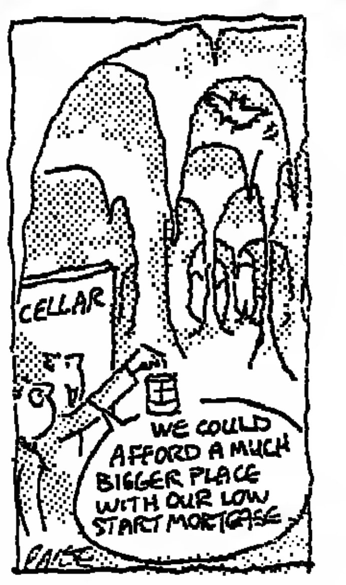
A common mistake is for expatriates to return to the UK before the full 365 days are up. Even if the contract does not cover quite 12 months, it is worth prolonging the stay overseas so that the 365-day requirement is met.

However, it is the one-sixth rule which most expatriates slip up on — should the number of days spent in the UK exceed either 62 days or one-sixth of the days in the period, this section of the calculation cannot be used to contribute towards the qualifying period.

Sara Webb

Period	Number of days outside UK	Number of days in UK	Cumulative total
A	70	—	70
B	—	20	90
C	130	—	220
D	—	28	248
E	125	—	373

Less to pay at the start



WITH MORTGAGE interest rates close to their highest levels ever, many would-be home owners have been pondering just how they could reduce the repayment burden to enable them to buy the house of their *choice*.

The answer could be to go for a low-start or index-linked mortgage. In both cases the level of repayments is lower in the early years. Later, when the borrower is generally better able to cope, monthly payments rise at least in nominal terms although not necessarily after adjustment is made for inflation.

However, only a handful of building societies offer low-start schemes. These tend to operate over a limited period of up to five years, after which the mortgage converts to a straight repayment contract.

Index-linked mortgages have largely failed to get off the ground (except in the case of Nationwide's financing of housing association projects). While the demand from home buyers is strong, the problem has been the inability to raise matching index-linked funds to finance such mortgages: a major factor limiting expansion of the Nationwide scheme to individual home buyers.

It has also thwarted two pioneers outside the building society industry: the Index-Linked Mortgage and Investment Company (ILMI), which developed a scheme in conjunction with Lazards, the merchant bank, and the Building Trust.

ILMI, which is now part of Mortgage Systems Limited, admits that it cannot raise sufficient funds from financial institutions to allow it to offer many index-linked mortgages. As a result, over the past two years it has developed low-start mortgages which it now administers for several institutions in the home loans market. These include Lloyds Life, MGM Assurance, Crown Life, Manufacturers Hanover Home Finance, and Societe Generale. Its low-start schemes are available both as endowment and straight repayment mortgages. Whereas ILMI arranges only one or two index-linked mortgages per month, it claims to handle around 20 a day low-start mortgages.

The interest rate of ILMI's low-cost mortgages is linked to Libor (London Interbank offered rate): at the outset it is generally set at around 2 percentage points above. Monthly repayments in the early years are reduced by deferring part of the interest until the later years of the mortgage term, adding on deferred interest to the capital due. In the later years, repayments are increased to make up for the earlier reduced payments. Similarly, the debt increases as the term of the mortgage progresses, whereas in the case of a repayment mortgage the debt decreases.

The advantage of such a low-start mortgage is that repayments are lower in the earlier years when a borrower's earnings also tend to be correspondingly lower. With a conventional mortgage repayments

Mortgages

also fluctuate with the movement in interest rates, and, since the introduction of MIRAS, are higher now than they were before the early years of a loan, because most building societies spread the tax relief throughout the period of the loan.

ILMI claims that monthly repayments are between 25 and 30 per cent lower in the early years than repayments on a conventional repayment mortgage. The higher the level of market interest rates, the greater the difference. A home buyer borrowing £50,000 over 25 years, for instance, would pay only £450.90 a month before tax relief in the first year, against £625.35 on a comparable repayment mortgage.

The low-start scheme operates on the basis that monthly repayments rise gradually in line with increases in a borrower's income. Monthly repayments are increased annually by 5 per cent irrespective of normal movements in market interest rates for the remaining term. However, the borrower has the option to adjust repayments monthly. She or he can switch to a conventional repayment mortgage schedule, increase monthly repayments to reduce the term, or alternatively, reduce the monthly repayments provided they do not fall below the low-start minimum with its built-in annual increase of 5 per cent.

There are also tax benefits: the borrower enjoys tax relief on the full monthly repayment for the first 20 years as it covers interest or deferred interest only and no capital. Borrowers are, however, required to take out life insurance cover equivalent to 150 per cent of the value of the house.

But such low start schemes are less attractive than an index-linked mortgage where a borrower's repayments, linked as they are to the Retail Price Index (RPI) are effectively inflation-proof. It means that their repayments will more more or less in line with their salary increments, so that repayments take a roughly constant proportion of their earnings throughout the mortgage term.

Institutions offering both index-linked mortgages and the ILMI variety of low-start mortgages will lend a higher multiple of a borrower's income than building societies. However, ILMI will lend a smaller percentage of the valuation of the property than building societies will lend on conventional mortgages. ILMI's maximum advance is 85 per cent. By its own admission, this tends to cut out many first time buyers, who most need low-start schemes.

ILMI says that the average advance made under its schemes is in the £35,000 to £45,000 range. As such, it appeals to those moving house for the second or third time and in the early stage of their careers. Some schemes, more limited, are aimed at the first-time buyer.

The Halifax operates a low-start scheme in which repayments are lower in the first three years. This is achieved by placing the borrower's deposit on the house in a Halifax investment account. From this account an amount is transferred each month to the borrower's mortgage account to subsidise the normal repayment, so that the borrower still gets the full tax relief. A decreasing proportion of the deposit is transferred each year: the element of "subsidy" drops correspondingly. By the end of three years the borrower is on a normal repayment schedule.

An additional advantage is that the society will lend a higher multiple of a borrower's salary. This multiple varies according to the deposit. (The maximum multiple is 3.5 times the main salary plus one times the second salary if the deposit is 9 or 10 per cent of the value of the property.) There is also free life cover for the main wage earner during the low-start period. The Halifax scheme is limited to first-time buyers aged up to 35 years, to a maximum loan of £35,000.

According to the Halifax, 50 per cent of the 2,000 borrowers who have used its low-start scheme since it was launched in March 1982 have made deposits of 10 per cent. The monthly repayment for such a borrower, on a £20,000 mortgage over 25 years at the society's current base mortgage rate of 14 per cent, is almost halved in the first year — from £180.50 a month after tax relief on a conventional repayment schedule, to £94.40. For a borrower who placed a deposit of 7.8 per cent the repayment would be £130.80; and a deposit of 5.6 per cent would reduce the monthly repayment in the first year to £155.80.

The Harpenden offers concessions which are limited not to first-time buyers but to borrowers of 35 years and under. Borrowers are required to make interest payments only in the first five years. For a £30,000 mortgage over 30 years there is a reduction in monthly repayments of just under £25, and for a 20-year term it would be just under £30.

This society will lend up to 95 per cent of valuation, up to a maximum of £37,000. Its earnings multipliers are higher than for its conventional mortgages: three times the income of the main salary earner plus one times the second salary. The Harpenden operates a differential system according to the age of the property, with a base rate of 14.5 per cent for post-1966 properties.

The Peckham now offers a three-year low-start mortgage on loans up to £30,000. The interest rate in the first year is set at 1.5 percentage points below its basic rate, and gradually rises by half a percentage point, over a three-year period, to 14.5 per cent, when it reverts to a conventional repayment schedule.

Other societies offering concessions to first-time buyers generally limit this to a reduced interest rate in the first year only. These include the Nationwide, Newbury, Ramsbury, Rowley Regis, and West Bromwich.

Margaret Hughes

Make your dress sense make work sense

WORKING women are expected to dress for success. Employers often feel they have to set out explicitly the image they would like their female employees to present through their dress codes, whereas they leave the men alone. If this seems unfair, it is, at least, evidence that women are becoming more visible in professional careers. Their work, and their potential, and their success, is beginning to be taken seriously.

American women — and women's magazines whose market includes career women — have gone on about this for years. UK women are catching on fast. Clothes for work are an inescapable cost like other business expenses—at least they are in the eyes of everyone except the Inland Revenue.

It may seem nonsense that you can offset against income tax the costs of belonging to professional organisations, but when it comes to clothing costs you get no tax concessions. The only exception is if you are obliged to wear overalls, regulated uniforms or other protective clothing. But that exception is narrowly interpreted, as barrister Ann Mallalieu found when she took on the Inland Revenue about a professional wardrobe three years ago.

Ms Mallalieu said that the dark, formal suits she was required to wear in court did not suit her colouring, were "frumpy" and made her look old, and that she would therefore never dream of wearing them except as required at work.

But this was not sufficient to demonstrate that she bought them *exclusively for work*. In the opinion of the Law Lords clothes worn at work were worn

Finance and the female

also for warmth and decency: her suits served her for that purpose as well.

Ms Mallalieu, as a self-employed barrister, is taxed under Schedule D. The rules which applied in her case were therefore more lenient than those the Revenue would apply to working women employed by, say, a commercial company. We would need to show that the expenditure we incurred on clothes for work was for items which were not only "wholly and exclusively" but also "necessarily" for work. As the law stands, we are not likely to make much headway with a case.

Nevertheless, you can save possibly £200 or so in tax each year by using a scheme which has been developed to take advantage of some of the existing tax legislation. The scheme, organised by a company called O and A Services, makes use of the provisions for companies to grant benefits in kind to their employees in the 1976 and 1980-81 Finance Acts.

The tax structure of the scheme means that it is only available to employees of companies, not to those who are self-employed. The scheme works like this. If your employer allows you an annual limit of, say, £400, you could take your O and A card into any of the shops operating the scheme, and take away clothes and accessories intended to be worn at work up to that value.

Whether your purchases at the end of the year were to the full value of your limit or not, your employer would declare the £400 on your P11D and the total tax bill to you (assuming that you pay income tax at the basic rate of 30 per cent) would be £24. For 50 per cent taxpayers, the tax bill would be £40. By contrast, if you bought the clothes yourself you would have had to finance the expenditure from after-tax income, paying the full amount for them.

Your employer may decide that your salary should reflect this benefit, and grant it to you instead of an increase in salary. This could be to your advantage as well as to your employer's. National Insurance contributions paid by employers and employees are based on salary levels, and will be to a greater extent from October as a result of March's Budget. If you would otherwise spend the value of your O and A allowance on clothes, it would make sense to be taxed on just 20 per cent of the value of the benefit, and not to pay National Insurance on that amount, rather than to take a salary increase of the same value which would be fully taxed.

The O and A scheme does have other advantages. It imposes a welcome discipline in choosing clothes and accessories for work. Richard Simon, one of O and A's directors, says that employees of companies operating his scheme had in the past tried to obtain saucepans (unless you were Tweedledum or Tweedledee, you wouldn't actually wear a saucepan) with their O and A cards. O and A monitors the items you *take away from their* agents. While Marks and Spencer and Harvey Nichols are on their list, most of the agents take part in the scheme because they do sell precisely the kinds of clothes and accessories which employers would like to see their employees wearing in the office.

O and A services also provides a valet service for the clothes you obtain through its scheme. Its rates are competitive—about £4 for a woman's suit—and it will collect and deliver, within reason, to your home or office.

O and A Services: PO Box 157, Lawn Lane, London SW8. Telephone: 01-582 6042.

Esther Kaposi

Capital Gains Tax

Gilt-edged goodbye

THE CHIEF impact of the abolition of capital gains tax on government gilt-edged securities and corporate bonds, announced this week, will be on the wealthier private investors who like to play the gilts market.

Most private investors cannot expect to save much money as a result of the change—but it will cut out a lot of paperwork and the tedious compilation of their tax returns.

The abolition takes effect on July 2 of next year. Meanwhile, the provisions which would have allowed the capital gains and losses on gilts to be adjusted for inflation from next February will not now be introduced.

The reforms give you more freedom to pursue a consistent investment policy without worrying about the tax consequences. Thus if you believe that interest rates cannot be sustained at such high levels in real terms, you can invest heavily in medium and longer dated gilts. If your view proves to be correct, you will be able to take your profits immediately without waiting for a year. The current CGT exemption applies only to gilts held for more than a year.

Also if you have available a large sum of money you wish to invest for only a few months—for example, if you are between selling a house and buying a new one—you will not need to worry about the CGT consequences of investing in gilts. Gilts will generally offer you a higher after-tax return than would putting the money on deposit in a bank or building society.

At the very least, the reform will leave your £5,900 annual exemption from CGT intact for use in mopping up the large capital gains many investors have been building up in their equity and unit trust portfolios over the last four years.

The reform also means a major administrative simplification. With other assets such as equities, you have to record the buying price and date, the *selling price and date, and then* make an adjustment for inflation using the standard indexation allowance. To ensure you exploit the annual £5,900 exemption to the full, you may also have to sell some assets just before the end of the tax year to establish capital gains or losses.

As far as your equity portfolio is concerned, these complications remain. In fact, they will *be increased for some investors* this year as a result of the extension of the indexation provisions. But at least you will no longer have to keep detailed accounts of your purchases of gilts or corporate bonds.

The sting in the tail of the reform, however, is that you will no longer be able to engage in some elegant tax-planning. By buying a spread of gilts of different maturity dates and selling them whenever they show a loss on the basis of short-term price fluctuations, investors have been able to generate substantial capital losses over the last 15 years. These can then be offset against the capital gains made on equities.

At the same time, many gilt investments have shown substantial capital gains. But by holding onto these for at least 366 days, investors can take their profits CGT-free.

For the next year, it will remain possible to exploit this concession. The least you should do is to make a note in your diary to check the price of every gilt you purchase after about 360 days. If the price has fallen, sell it immediately before the year is up (at least do so, if there is a chance you will have to pay CGT). If the price has risen, hold on until the year has passed.

Clive Wolman

Fund men stand by selections

INVESTORS have had a bumpy ride on some of the world's stock markets over the last six months.

At home, investors have seen a slide in the last month, reversing the advances of the early months of the year. Good returns have been available in some foreign markets, but the rise of the pound has wiped out many of the gains.

Sterling has affected performance in Europe and Japan, where few managers hedged their currency exposure. The Japanese market gained slightly over the last six months, but many funds have lost money there.

As so often, the quickest returns to an astute international investor have gone to those who spotted a small market on the turn. Hong Kong has been the leader of the pack — seen in dollars the six month gain exceeds 50 per cent. But there have been rich pickings in Austria — back this year to 1980 levels for the first time — as well as in Spain and Italy.

At the start of the year, we asked eight leading fund managers for their views on which stock markets look most attractive to the investor. Their strong support then for Europe has been justified—although most unit trusts have significantly underperformed the largest market, West Germany.

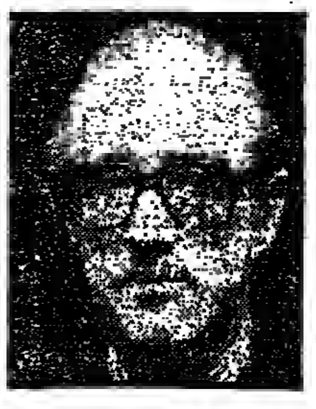
Six months on, they stand by their selections with only minor modifications.

George Graham

THE OUTLOOK is good for equities in general, says Richard Bernays, chairman of *Mercury Fund Managers*. At this stage of the economic cycle some excesses would normally have become apparent—but inflation is still low and there has been little rebuilding of stocks. He still likes Europe, concentrating on Germany, Switzerland, France, Italy and Holland. "The UK has had a very bad run but doesn't look at all bad value." The U.S. he now likes rather more than he did at the start of the year. He does not expect an enormous upturn in U.S. company profits, but the ratio of share prices to earnings has already risen from nine to 11, and he sees scope for more growth.

HONG KONG has done well for Adrian Collins, the former Gartmore managing director who is now setting up on his own in the fund management business, but the market has taken some horrendous news, with the collapse of the Overseas Trust Bank. The market is now closely linked to the U.S., but he is tempted to bank some of the profits. "When you are scratching about for somewhere to invest you are probably better in the bank." Collins thinks the UK market could fall a bit more, but if it goes much further a buying opportunity could emerge. For the time being he remains on "neutral to weak hold" in the UK. The wild card, meanwhile, could be gold.

DAVID GLASGOW, managing director *of Abbey Unit Trust* Managers, is bullish on equities in general, and the U.S. in particular. "We don't *subscribe to the fear of a* recession," he says, but warns that investors should not expect anything too spectacular. Europe looks hopeful, and Glasgow looks positively on Germany and Italy. "The *equity market has had a* good run in Germany but the currency hasn't yet." In the Far East Glasgow still likes Hong Kong: there have been *jitters caused by the Overseas* Trust Bank, but the outlook remains favourable. "And we might well see some action in the Singapore market later on... though perhaps not just yet."



PADDY LINAKER, managing *director of M* and G Investment Management, started *the year by cautioning* that the UK could not repeat *1984's gains. After the* setbacks of the last month, he sticks to that view, though he still finds that the London market offers satisfactory values. "The lower it goes, the more bullish I am." He remains wary of Japan and feels Hong Kong has already had a good run for its money, but the U.S. offers good value to investors — so long as they are protected against any further drop in the dollar. Linaker's most speculative selection in December was gold, where he still thinks there is scope for improvement.

GRAHAM MANN, partner in charge of the private clients department at stockbroker Grievson Grant, is pleased *with his New Year forecasts*: that Continental Europe do well, while UK equities could be vulnerable in the short term. There have been some heavily singed fingers on the more speculative of UK new issues, but the market's fundamentals are sound, with *company profits* jogging happily along. Europe is still attractive, especially West Germany and Switzerland, while Sweden looks cheap on a six-month view. He is a little more positive now on the prospects for the U.S. economy, and believes Japanese blue chips are attractive in the longer term.

"EUROPE has been a nice place to have been for the last six months," says Tom O'Connell of Guardian Royal Exchange Unit Managers. He picked Switzerland and West Germany in December, and reiterates his bullish view today. The UK has been very disappointing, as the last four weeks have wiped out the gains achieved in the early months of the year. The short term outlook is difficult, because of the number of rights issues and new share offerings straining the institutions' cash resources, but O'Connell is sticking with the UK. "My own view is that it is not a bad buying opportunity. Corporate profits don't suggest a substantial fall from these levels."

BARRY BATEMAN, at Fidelity International, stays on the defensive, picking the financial sector and consumer industries such as *drugs* and food in both the UK and the U.S. *In the U.S. there are lots* of problems, but shares still offer good value, while the UK has somewhere to go after the recent sell-off. Fidelity's emphasis on these two markets has slightly increased at the expense of Japan and the Far East. The Japanese market is at an all-time high, but the rise has not been led by the good quality stocks. Elsewhere in the *Far East*, the *focus is* heavily on Hong Kong, while in Europe West Germany stands out.

NO REGRETS, says Chris Tracey, investment director at Save and *Prosper, of his* choices at the beginning of the year. The UK market clearly needs time to consolidate, but if the FT All Share Index drops to the 540-550 level he would be enthusiastic. "We could have quite a good autumn into winter," he says. Tracey also stands by his selection of South East Asia for those willing to take more of a gamble. He still likes the Hong Kong property sector. In the U.S., he is prepared to wait on the sidelines for a while longer. In sterling terms, investors taking his advice would *have lost money* so far this year, and the dollar is still killing industrial profits.

Briefcase

'First in, first out' shares rule

As a result of the last budget it appears there has been a change in the rule of "first in first out" for selling shares.

My husband died nearly three years ago, and some of our investments were in the same companies. Unfortunately a large proportion of our joint assets are in one company. This company was affected by *the recession. Now the* position has improved and it would seem sensible to diversify.

I would greatly appreciate your comments as my own holding rates at 55p for capital gains purposes as opposed to the transfer price from my husband of 172.

It is difficult to give a really helpful answer, without knowing the precise facts, figures and dates.

If all your own original shares were bought between April 6 1965 and April 2 1982, then a sale of the shareholding would be identified with those old shares (with a pool of 55p). If the facts are not as simple as this, please come back to us, with the full history of your *current holding: the name of* the company would be helpful, but it is not essential (if you do not wish to disclose it).

Uniting to sell

My neighbours and I contemplate joining forces to sell our properties together as one largish plot for development *(assuming planning permission* would be forthcoming), since we think that in each case the outcome would probably exceed the normal market value of the individual house and garden. On what basis should the *proceeds* of such a joint sale be apportioned between the various parties—by land area (including house) or present market value, or a combination of these, and perhaps other factors?

There is a variety of bases which you could use for apportionment and no one formula can be claimed to be the correct one. One of the fairest would be to use a value basis that is to procure open market valuations of each plot *separately*, disregarding the proposed joint venture: but the fees which would be incurred may be unacceptable.

Indexation allowance

I purchased a second house in 1972 costing £8,000.

In the budget the valuation for Capital Gains Tax was announced as March 1982 and I therefore contacted an estate agent to put a value on the house. I received a value dated 1.4.85 and the value of the house as at March 1982 was stated to be in the region of £27,000. Could you please advise as to whether indexation will be allowed on this figure or whether the indexation will be on the 1972 figure? Should I contact my tax inspector to have the position clarified so as to avoid considerable Capital Gains Tax in the future?

If you elect to have the indexation allowance based upon the March 31 1982 value (under clause 64 (5) (b) of the Finance Bill, as approved in Committee last month), after you have contracted to sell the house, the District Valuer will form his or her own opinion of what that value was. The Inland Revenue will not discuss the March 31 1982 value until they receive your (irrevocable) election, after the sale. Meanwhile, keep *the estate agent's receipted* bill for his or her valuation services: the fee may be allowable in the CGT computation.

No refund on fares

Folowing a recent court case which made it more difficult for a house owner to repossess his house after a multiple tenancy situation, do you think it would be valid for the cost of air fares *back to* UK in *order* to reoccupy the property prior to the next tenancy, to be deductable as an expense for tax purposes from the net rental income?

We very much doubt if the fares would be allowed as you suggest. *Legislation* however is being proposed to eliminate the anomaly which was exposed by the case in question.

Negligence charges

Where a solicitor is discovered to have been negligent after his client's case has been to court, his negligence causing that client to lose money on every financial item he *handled*, and in addition the solicitor was found after a Cost Draftsman's Report to have taken an excessive amount for his bill.

Could you please tell me if in these circumstances there would be:

Any point in applying to the High Court for the Taxing Master to tax the bill?

Does the taxing of a solicitor's bill by the Taxing Master of the High Court only take place if the case has been handled correctly?

Are there any circumstances in which, although there was a lot of negligence the Taxing Master of the High Court would still tax the bill?

There are two separate matters which arise in the circumstances which you describe. First the bill of costs. Regardless of whether or not there might have been negligence, you are entitled to require the bill to be taxed — but unless you succeed in having the total bill reduced by 20 per cent or more you will have to pay the costs of taxation. Application for taxation should be made within a year of delivery of the bill. In this exercise it is not relevant that there may be a cross-claim for negligence. Second, *if you* think your solicitor has been negligent, you must consider what actual damage has been caused by the negligence complained of. If there is a substantial sum to be claimed as being the loss attributable to that negligence, you can sue the solicitor to recover as damages the loss thus *incurred*. You would be wise to consult *different* solicitors with a view to pursuing such a claim.

Supporting mother

My house was acquired by my mother in January 1968 since when I have lived here with her. She has negligible other assets. I support her and pay all household expenses, repairs to home, etc. She is 86 years old, I am 59. The house was valued at £61,000 in late 1981 and assuming 10 per cent p.a. increases is now probably worth £81,000. The house is left to me in my mother's will and she and I would now like to take any possible action to minimise CTT.

House repairs to date add to £10,600 and over this period I have also paid all gas, electricity, rates, etc totalling £14,000.

I am told that my *mother* cannot give me the house (for CTT purposes) if she continues to live here but could I buy it at full value and then be given £64,000 plus £3,000 for this year and last? And *also be repaid for the bills I have paid on her* behalf?

You can do as you suggest (buying at full value) the exemption limit now being raised to £67,000 to give a total of £73,000 available for gift if your mother has not *previously* availed herself of the £3,000 per annum gift provision. She could further acknowledge to you in writing indebtedness for half the outgoings and improvements which you set at £24,600 and agree that £12,300 be set-off against the purchase price, provided you have evidence of payments up to the total stated.

Gifts for grandchildren

I am anxious to make a gift to my *grandchildren* of shares which are showing a good profit thereby using the sum exempt from capital gains tax and at the same time claiming relief under Section 79 of the Finance Act 1980. As the grandchildren are minors, the shares cannot, I understand be *transferred direct to them*. Would it be acceptable to the Inland Revenue if I were to transfer the shares to their parents as trustees and for them to join me in claiming relief under Section 79? Or is *there* any *other* way of obtaining the two benefits that I am *seeking*?

Yes (to your first question); but first write to say that the gifts will only be made if the children's parents undertake to sign section 79 claims on the childrens' behalf. This letter (and *the reply*) should be preserved, for production to the Inland Revenue if need be.

CHESS

BRITAIN'S grandmasters have so far made little impact on the 1985 interzonals, part of a worldwide elimination series to produce a challenger for Karpov or Kasparov late next year. Tony Miles scored just 50 per cent at the Carthage IZ in April-May at a tournament where three Russians and the Hungarian Portisch qualified for the candidates stage. Then at Toluca, Mexico a few days ago Jan Timman of Holland won by a wide margin.

The third and final interzonal started this week at Biel, Switzerland. It looks the strongest event—the 20-year-old British champion Nigel Short is seeded only ninth. Short's exceptional results as a teenager have made him a potential Western challenger for the world title. Biel therefore represents an important credibility test.

Other contenders for four candidate places include the experienced GMs Polugaevsky and Vaganian (USR), Ljubojevic (Yugoslavia) and Andersson (Sweden).

Miles's subdued performance in Tunisia partly reflects growing disillusion among West European GMs with the entire Fide qualifying cycle. The bizarre finish to the last world title match, choice of the identical officials and venue for the return series despite *Kasparov's objections*, and the privileged status of the reigning champion, have undermined the Fide system's reputation.

Immediately after Carthage, Miles shared first prize at the strong category 12 Portoroz event in Yugoslavia, where he won this week's game. White's play demonstrates a classical theme: a premature flank attack fails to a well-timed central counter. Black's queen and rook become stranded on the king's side, while Miles breaks through in mid-board with a passed pawn:

White: A. J. Miles (*England*). Black: L. Karlsson (Sweden).

Queen's Pawn, Bogolyubov variation (Portoroz 1985).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-KB3, B-N5 ch; 4 QN-Q2, P-QN3; 5 P-QR3, BxN ch; 6 QxB, B-N2; 7 P-K3, N-K5; 8 Q-B2, 0-0; 9 B-Q3, P-KB4; 10 O-O, R-B3?

Black's opening concedes the bishop pair in return for control of the long (QR1-KR8) diagonal — playable strategy. But instead of this rook sortie against the White king, sound play is P-Q3 with N-Q2-B3, reinforcing his K5 outpost.

11 N-Q2, R-R3; 12 P-B3.

White avoids the standard trap 12 P-KN3? Q-R5; 13 PxQ? B-N3 ch; 14 K-R1, NxP mate.

12...N-Q3; 13 R-B2, N-B3; 14 N-B1, Q-R5; 15 B-Q2, R-KB1; 16 B-B3, N-B2; 17 R-K1, N-K2; 18 Q-R4.

Black has burned his boats as regards queen's side defence, so White can calmly pick up a pawn before advancing in the centre.

18...B-B3; 19 QxP, R-B1; 20 P-K4, N-N3; 21 P-Q5, N-B5; 22 PxB!

Stronger than 22 B-B2, N-N4 (threat N-R6 ch) when Black's attack requires momentum.

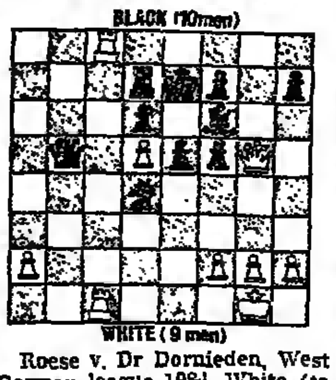
22...NxB; 23 R(2)-K2, NxR; 24 PxQP, NxP ch; 25 PxN, R-N3 ch; 26 N-N3, R-KB1; 27 PxP, PxP; 28 Q-R8!

The decisive hidden point which Miles had to foresee six moves earlier. If RxQ? 29 R-K8 ch mates, so White storms the back rank while Black soon runs out of checks.

28...RxN ch; 29 K-R1! N-Q3; 30 R-K8, R-N8 ch; 31 KxR, Q-N4 ch; 32 K-B2, Q-R5 ch; 33 K-K2, QxBP ch and Black lost on time. *After 34 K-Q2 White's king reaches safety at QR2.*

PROBLEM No. 575

BLACK (10men)

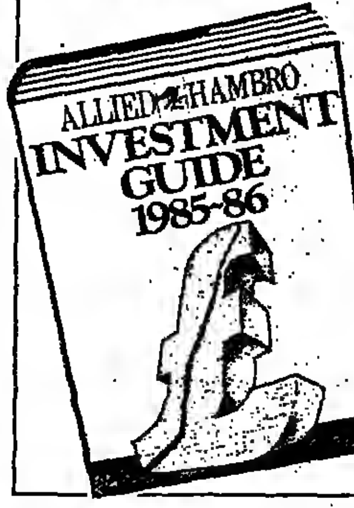


WHITE (9 men)

Roese v. Dr Dornieden, West German league 1984. White (to move) is down on material, but the Black king is dangerously exposed. How should White continue?

Solution, Page XIV

Leonard Barden



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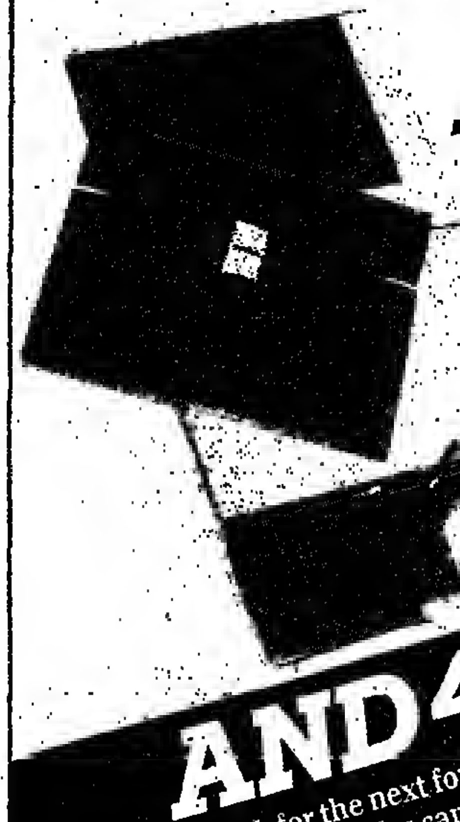

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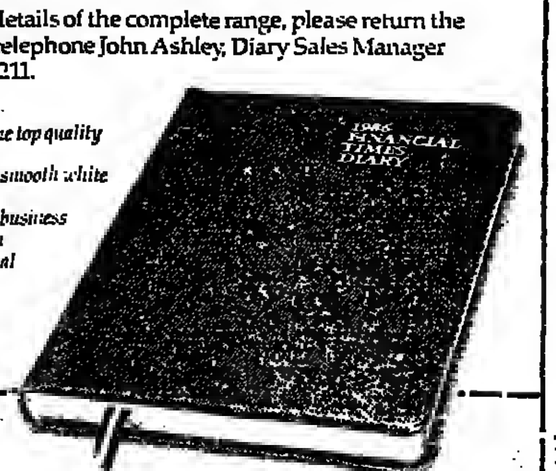

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Seaside luxury on site of old lido

BROADMARK BEACH, Rustington, West Sussex, where 21 new apartments are being launched today, lies in a spectacular setting of sea, sand and shingle on the site of the old Broadmark Hotel and Lido.

The avant garde leisure complex, built in 1936, had what was reputed to be the first outdoor roller-skating rink. After American troop occupation in World War II, and a spell as a holiday camp, the buildings were taken over by the Workers' Travel Association. Christened Mallon Dene for its chairman Sir J. J. Mallon, the name is perpetuated in the housing estate which replaced the Lido in the early 1970s.

The hotel limped on until 1983, sadly down-at-heel, but still popular as "the local on the beach." It was bought by Jarvis Brothers and Brewster, subsidiary of British Land.

In its place is a sensitively designed low-rise block whose turreted focal point provides a touch of Victoriana. The neatly landscaped project is part of the company's development of small but choice sea-front plots, only a short walk from the shops.

Berkeley Court in Bognor and Regis Court in Worthing, are both proving best sellers in this easily commutable sector of the South Coast.

"Our aim is to provide uniquely positioned, quality accommodation for those who want something a little different," says British Land finance director David Cohen.

The main targets are professional people working locally, and those wanting to retire from a large house into trouble-free accommodation. The appeal is also to expatriates buying for investment and somewhere to come home to, as well as seekers of second homes with easy access to the beach. British Land headquarters is at 10 Cornwall Terrace, NW1 (01-486 4466).

At Broadmark Beach, prices are top of the market for the area — £58,000 to around £95,000 for 125-year leases. But the sophisticated apartments include all the aids for easy living, plus television circuit security.

Construction specification and attention to detail is high. The suspended wood floors are insulated from the reinforced concrete to contain heat and prevent noise transfer. The smoked-glass balconies have stainless steel railings to withstand sea air conditions. All the exterior is designed to be as maintenance-free as possible.

You could get a grand piano in the sitting-room of the three-bedroom, two-bathroom apartments. Some garages incorporate a special mezzanine storage area. For a swim, you just walk through a little private gate right onto the pebbles.

Capital appreciation has been satisfactory on neighbouring beach-side property. The Wimpey-built four-bedroom town houses at Mallon Dene sold for about £26,000 less than 10 years ago. Fox and Sons' Rustington office (0903 773131), has an end-of-terrace one for sale at £87,500, as well as older flats on the nearby Martlets and Overstrand estates. About £15,000 seven years ago, they are mainly in the £45,000 bracket now. The blocks do not have lifts, and the equipment may be dated, but the attraction of the remarkable sea views makes them a viable proposition for any refurbishment.

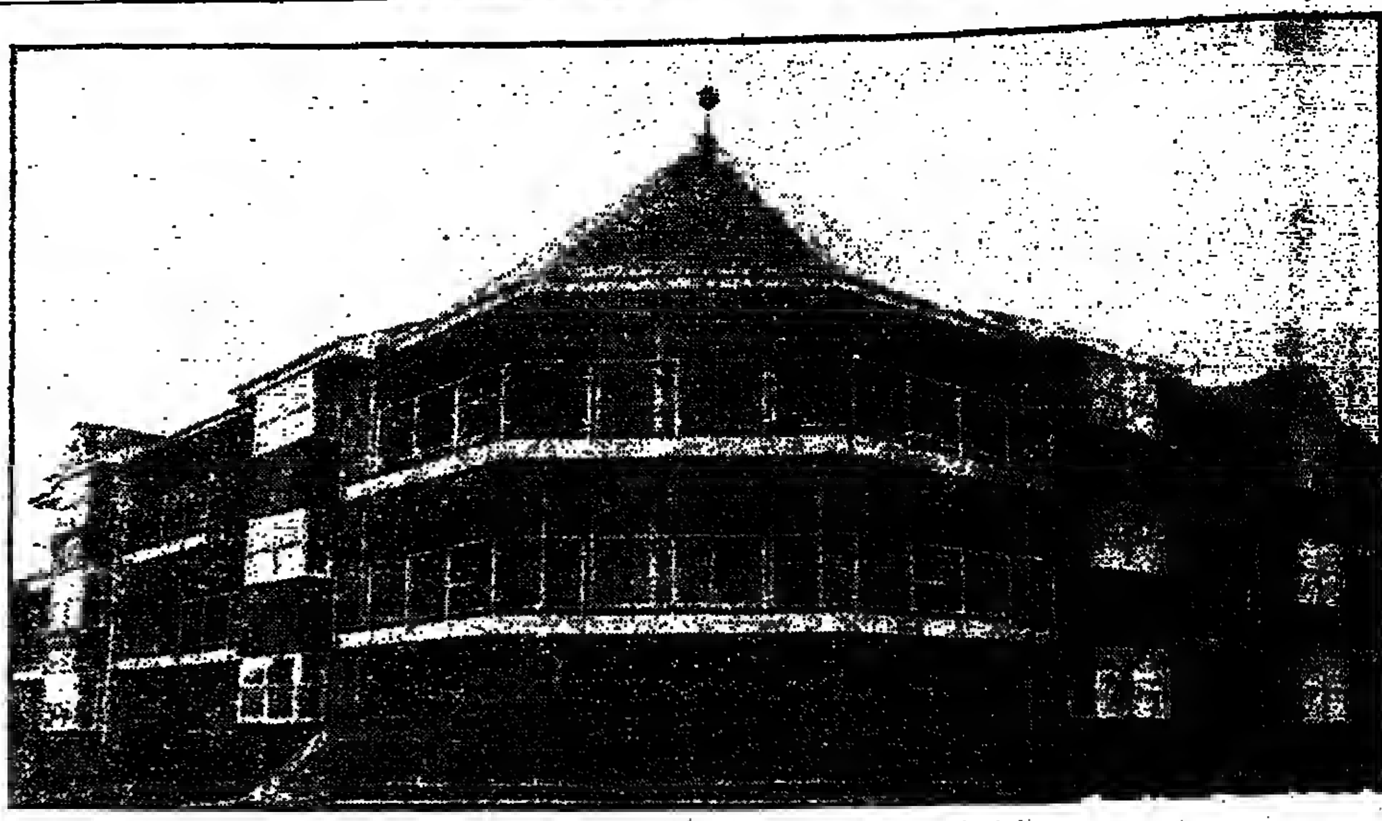
Whittaker and Company, The Street, Rustington (0903 4133), has an attractive newly-built Spanish-style bungalow at £185,000 by the sea at Golden Acres. Its listings also include Regency terraced houses on the front at Littlehampton, which sell well for both holiday and permanent letting.

The market for seaside properties is also buoyant in Bournemouth. The resort claims its average monthly sea temperature as the warmest in Britain, surpassing even Jersey and Cornwall.

The Carlton "First Class Boarding Establishment" of the turn-of-the-century, when hot and cold baths were 1/-, is now the renowned five-star hotel. Still privately owned, it has been found more profitable to turn the east wing into apartments selling on a timeshare basis.

The extravagantly equipped penthouses with their views of Poole Bay and the Purbecks, have a sunken circular bed, solarium, and indoor fountain and fish pond. Prices are up to £11,000 for a week's use every year for 40 years in July and August. A terrace-apartment sleeping four in January is only £1,380 for a similar right to use.

Burt Mason, Carlton Timeshare, East Overcliff, Bournemouth, will send a brochure detailing all the amenities available — hotel services, swimming pool and Champneys Health Spa. Management fees of £85 to £135 a year include cleaning the apartment twice a week, plus a charge of linen, and delivery of a daily newspaper.



If you do love to be beside the sea: Broadmark Beach, West Sussex

In a newly converted Victorian house off the Central Gardens by the sea, flats are from £75,000. "This is the sort of price one would expect to pay in the centre of Bournemouth," says the agent. Jackson and Jackson of Christchurch.

At Branksome Towers in the adjacent Poole district, in the gardens of the old hotel, flats in the new phase are from £125,000. Beach cabins, reached through a private pathway, are around £6,000. Brochure from Goadsby and Harding (0202), and Fox and Sons (0202 700922).

Much further west, in Cornwall, you get your own private beach with Higher Penalt Farm, Poundstock, just south of Bude. The 176-acre property includes a mile of coastline and the famous Crackington Formation. The 200-year-old farmhouse needs doing up, and some farm buildings have potential for conversion to holiday letting. Jackson Stops and Staff's Yeovil office (0935 74066), is quoting a guide price of £485,000.

A private foreshore with bays to beach boats goes with Messack House, in three acres near St Just in Roseland, in the Fal Estuary. Offers over £230,000 through Savills, Salisbury (0722 20422).

You also get your own beach with Rosevine, in two acres with expansive views over Gerrans Bay for £129,500 through Miller and Company's St Mawes' office. Miller's Falmouth office are selling Rosilian, Flushing, an imposing house built in 1980 in the Cape Dutch style with a granite-cut portico. Offers in the region of £327,000 are being sought for the six-bedroom, four-bathroom home which has a long water frontage and slipway.

SEASIDE SAFEGUARDS

- Remember that a calm, placid sea can be quite a different proposition in a Force-9 gale. So be sure that all windows and patio doors are watertight and double glazed.
- Wear and tear on seaside property can be a constant problem because of the elements. Regular inspection is essential.
- If you are a keen gardener, you need to select plants which will not succumb to salt-laden winds.
- Some seaside towns die in winter. A place with a year-round life of its own is likely to provide more interest than only devoted to the summer visitors.

Taking the wait out of selling your home

WHAT IS most important when you sell a home—the price, the amount of commission you have to pay someone to sell it, or the speed at which a serious buyer is found?

In the middle market certainly, if you cannot sell you cannot buy, so the time it takes to come up with a buyer must be most important.

It makes sense to get your solicitor to organise a sales package before the property goes on the market. This means preparation of a draft contract in duplicate, a copy of the land registry entries, replies to standard preliminary enquiries, a district search and so on.

Under the label FSHS—the Fast Sell House Scheme—five solicitors have got together in Crawley, West Sussex, to produce this kind of package. They then approach an estate agent in the town to market a home in the usual way, passing on the package to a purchaser when a sale is agreed. There is no excuse then for delaying exchange of contracts or "gazumping" (someone stepping in at the last moment with a higher offer).

An added bonus is that the conveyancing and estate agency services are combined in a single fee of 1¼ per cent, compared with the more usual costs of 1½ to 2 per cent for selling, plus up to 1 per cent for solicitor's charges. As it happens, fees in Crawley are more competitive than in some other places: "Everything is negotiable here," says John Francis, Turner Rudge and Turner, one of the co-operating agents in the scheme.

A similar system is being operated by the first Solicitors' Property Centre to be opened in England. They have an impressive new office building in the High Street at Crawley and the group of some seven solicitors can sell a property direct.

The projects are part of "one-stop" complete house-buying services. Anything that makes life simpler for the customer needs to be encouraged, but one wonders whether the various permutations are in danger of becoming confusing.

Certainly in Crawley where, in addition to the numerous traditional estate agents, there is the "Team" operation with its multi-listing through computer-linking, and The Property Shop which charges £25 to register and 1 per cent of the selling price. They say that they can also find you solicitors to act at a competitive price. Then it is up to you to persuade them to get all the necessary documentation prepared in advance.

- For a Fast Sell House Scheme leaflet write to Natalie Eadon, 48 Bolingbroke Road, W14, and for details on where Solicitors' Property Centre are opening, contact Kate Schwah, Merchantmen, 7 Genotin Road, Enfield, Middlesex.

June Field

• TRAVEL • MOTORING •

Bataks at Lake Toba, Sumatra

Water, water all around...

IT WAS one of those pitch-dark tropical nights. No starry sky, no full moon bathing the scene with a silver night; just total darkness as sheets of water beat down on the forest. Every now and then there was a glimpse of the surrounding terrain: that was when lightning cut a jagged scar across the sky, followed by cracking thunder that echoed in the hills. The smell of new rain on green vegetation was almost overpowering.

The very word "tropic" is supposed to conjure images of endless sunshine and baked beaches. For me, however, the image is always one of heavy rain — and that extraordinary smell.

Heaven, for students of such climates, lies in islands that straddle the Equator, and for the greatest abundance of these look no further than Indonesia which, to quote more poetic words than my own, is a land where "the hot season is slightly hotter and not quite as wet as the west season, and the wet season slightly wetter and not quite as hot as the hot season."

Let me hurry to dispel any unfortunate image that such words may convey. Whatever the time of year the showers tend to be short and sharp, more often in the afternoon or early evening than at night, and even in the depths of the rainy season there is ample time for tan-winning spells beside ocean or pool. But, it must be said, the lands of that part of the world are not green and sultry by accident. Rain has a great deal to do with it.

Indonesia is a huge country, yet hardly features on the tourist map. It consists of more than 13,000 islands and stretches from the western tip of Sumatra in the Indian Ocean, through Java and Bali, to the borders of Papua New Guinea in the South Pacific to the east. It is a sprawling land of 250 languages and a myriad cultures and religions. More than half its population lives on one island, Java, where the capital, Jakarta, is a vast urban beehive of explosive growth, noise and, at times, violence.

Indonesia is one of tourism's last frontiers. Java alone is the size of England, and yet the whole of Indonesia receives only one-tenth the number of foreign visitors that England sees. Surprisingly, perhaps, considering its distance from Europe, the Britihs are a major source of those visitors, coming fourth behind the more nearby Japanese and Australians, and the richer and more numerous Americans.

With one or two exceptions —notably Bali and island cruising — Indonesia remains, thank heavens, a travel destination for the intrepid. For those, however, the rewards are rich indeed, for the wealth of culture and history in such a diverse country is enormous.

To some extent, it is a pity that most visits start in the least tempting way. Bali's natural attractions remain; but it is here that the international touristic high-rollers have concentrated their attention and, whatever else it might be, Bali is no longer the mystic East. Jakarta is just another big tropical city, not quite as chaotic as Bangkok, not quite as ominously dangerous as Manila, but definitely lacking the sweeping stylishness of Hong Kong or the sparkling modernity of Singapore.

Of the more accessible areas, it is Sumatra that offers the most attractive instant morsels. Sumatra is huge, the fifth largest island in the world and considerably bigger than Java. But what Sumatra has in space, it lacks in population. It is the richly fertile terrain of Java and Bali that have lured the people who now seem to fill every square inch, and where the much vexed policy of transmigration (a euphemism for uprooting and relocating thousands of people against their will) is in full swing. Sumatra's thick vegetation covers a much thinner soil and its mountains make for much more difficult cultivation. Medan, the island's largest town, still has only a population of 1.5m which, by normal benchmarks in this region, is tiny.

Sumatra is a patchwork of linguistic, ethnic and cultural differences that help to make the place at once both fascinating and impossible to "understand" in the sense that we today want instant comprehension of what we behold. Islam reached the island from the west, Buddhism from the north, Christianity arrived with Western traders, and ancient traditions survived them all. Arabs, Chinese and Indians settled along the coasts, taking their places among the Malays who had arrived in previous centuries. The Dutch came in the 16th century to control the island but never really infiltrate it.

It is the Christian Bataks who live around the area of Lake Toba, the one feature of Sumatra which is on every tourist schedule, and quite rightly. It is a vast lake (as yet unplumbed, or so they tell you), which contains an island bigger than Singapore. The majestic scenery, with lofty peaks reaching up from dense forest results from millenniums of volcanic activity—just the sort of activity that produced the Krakatoa explosion just to the south of Sumatra itself.

There are some pleasant hotels around Lake Toba and you can take air-conditioned bus tours across country, seeing the scenery, meeting some at least of the people, and catching a little of the Sumatra mood. It is easy to be disdainful of such tours but do not discard them altogether. Sumatra might sound romantic, but unless you are very young in heart you should think twice about going totally solo. This is the tropics bare in tooth and claw. Good water, deep baths, fluffy towels and air conditioning are rare features of normal family life in Sumatra. Hepatitus, malaria, diarrhoea and some stranger afflictions are not unusual.

A useful halfway stage is to arrange for a chauffeur-driven car or mini-bus which you can arrange in Medan, to which you can fly direct from Malaysia.

I would not suggest a "do everthing" trip to Indonesia. For one thing, such a task would be impossible—the very thought of trying to see even a small amount of Kalimantan (Borneo), Irian Jaya (New Guinea), Timor and the islands of the Molucca Sea, as well as Java and Sumatra, in one trip is ridiculous.

Wherever you choose to go, however, it is worth taking a look at Jakarta and Bali, if only to relive the adventures of Bob Hope and Dorothy Lamour. There is a good rail service on Java, and first class is air conditioned. Rail is less extensive on Sumatra and elsewhere and you are better off turning to buses. There are three main airlines: Garuda (which has recently been trying to upgrade its service and image), Merpati Nusantara, which is controlled by Garuda, and Bouraq.

At the end of this year a new airport for Jakarta will open at Cenkareng, which is only 12 miles west of the city. For the moment, the present airport has a sad end-of-term feel about it and I would not recommend that you plan to stay very long within its walls.

Jakarta itself is very tiring to get around. Expect to spend a great deal of time in the back of your car or taxi. If you are pressed for time, two places will give you an instant grounding in Indonesian history and the nation's cultural complexities.

Pasar Ikan is the fish market area, with a somewhat chaotic maritime museum set in some old Dutch warehouses. Taman Mini Indonesia Indah is anything but mini. It covers 247 acres with a lake and 27 pavilions, each dedicated to one of the nation's provinces.

Given the opportunity, it is also worth travelling further to see the shrines of Borobudur and Pramhanan, both of which are near Jogyakarta. Borobudur, a huge Buddhist stupa, has been the scene of a 10 year restoration scheme. Scarcely was this completed, however, before a bomb attack did substantial damage. Further restoration work is in progress. The bombing might have been carried out by residents who had to be moved out to make way for the creation of an archaeological park.

Pramhanan, to the north-east of Jogyakarta, is a Hindu monument which, with its archaeological park, will take 10-15 years to restore. There are stage performances on full moon nights in the dry season.

Should you really share with me the enjoyment of tropical rains, then the best season is from October to April. More normal visitors will choose April to September.

Further information: the headquarters of the Directorate-General of Tourism are at Jalan Kramat Raya 81 (PO Box 409), Jakarta, Indonesia. Several tour companies offer trips to, or including, Bali, but other destinations do not feature widely in the brochures. Try Travel 2, Sutherland House, Argyll Street, London W1V 1AD; Meon Travel, Meon House, Petersfield, Hampshire GU32 3JN; and Albany Travel, 190 Deansgate, Manchester M3 3WD.

For Bali, try P and O Air Holidays, 29-55 Middlesex Street, London E1 7AA; and Kuoni Travel at Kuoni House, Dorking, Surrey. A very pleasant way of seeing Indonesia in a series of glimpses (although you can take longer overland trips en route) is by cruise ship. Pearl Cruises' UK agent is DFDS, Latham House, Minories, London EC3 1AD.

Arthur Sandles

The car for all seasons

Ford's all-wheel driven Sierra XR4x4. The impressive wet handling is the only give-away

The Subaru XT Turbo 4WD Coupe. Electronics know when four-wheel drive is required

IT WAS one of those mornings when Scotland showed its best and worst faces every few minutes. As I drove round Loch Fyne, the rain lashed down and the water looked as grim and leaden as the North Sea in midwinter.

Then, quite suddenly, it all changed. The loch sparkled, the air was clear as gin and Inverary appeared, shining in the brilliant sun like a Highlands and Islands travel poster at its most optimistic.

A few minutes later it was, of course, tipping it down again. But not for long. When I stopped at the Crinan Hotel, the panorama scene from the dining room of Loch Crinan, the Sound of Jura and distant Mull was like a two-page colour spread in one of the AA's splendid motoring guides. At that moment, Scotland seemed more enticing as a holiday destination than anywhere across the Channel.

Not that I was on holiday. Two hours earlier I had stepped off the Super Shuttle from London and into a Ford XR4x4. This 2.8-litre V6 engined five-door hatchback breaks Audi's five-year monopoly in permanently four-wheel driven road-going cars. I could not have asked for better driving conditions for assessing its performance.

Ford's four-wheel drive philosophy is different from Audi's. The Audi quattro system divides the power equally between front and rear wheels. The driver can lock both centre and rear differentials to maximise traction in extreme conditions—say when restarting on a steep, snowy hill.

In the XR4x4, and in the forthcoming all-wheel driven Granada, Ford splits the power one-third to the front wheels, two-thirds to the back. There are no differential locks and nothing to suggest that the car is out of the ordinary. Nothing, that is, except for its refusal to lose traction and wag its tail when thrown around on winding roads in the wet.

Ford's engineers concede that a quattro or any other 4x4 car with a 50:50 power split between front and back will have better traction on slippery surfaces but say the one-third/two-third proportion gives better handling. They mean it feels more like a rear-wheel driven car. But it really is an academic point.

People who buy all-wheel driven Audi quattro or Ford cars, as distinct from theorising about them in enthusiast magazines, will appreciate the way both can be driven fast and safely in conditions that would demand a feather touch on the accelerator of a two-wheel driven, high power/weight ratio car. The question of which is best hardly arises.

How does the XR4x4 compare with the Audi 90 quattro I drove to Geneva and back last March? I thought it was slightly softer, even though it cornered flat enough. Despite its larger engine (2.8 litres against the Audi's 2.1-litre, five-cylinder) it had a less muscular feel. The Audi's firmer suspension must have something to do with it. The Ford is, of course, faster (128 mph against 120 mph maximum) and on price it wins hands down. The XR4x4 without anti-lock brakes is £11,500, the Audi 90 quattro, with ABS brakes, £13,499.

It is not really a fair comparison because equipment levels are so different, but the four-wheel drive price premium on the XR4x4 over the rear-wheel drive XR4i which it replaces is £763 whereas the Audi 90 quattro is £2,764 dearer than the normal 90.

Apart from Granada 4x4, other all-wheel driven Fords are in the pipeline. Among the first is likely to be a V6 engined Sierra Estate, which would look and go rather well in front of a horse or boat trailer.

I drove from Crinan back to Glasgow that afternoon in another new Sierra. This was the 2.0iS, with a two-litre, fuel-injected four-cylinder that had impressed me more than the 2.8 V6 when I had tried them both in the new Granadas. On dry roads, the rear-wheel driven 2.0iS seemed to go just as well as the XR4x4 had in the morning, and it felt more refined mechanically.

Ford is well aware that the V6 is no longer young. Replacements for both 2.3- and 2.8-litre versions are expected at the Frankfurt Show in September.

Yet another high-performance 4x4 car has reached Britain. The Subaru XT 4WD Coupe is the fastest Subaru yet, with a claimed 125 mph maximum and 0-100 km/h (0-62 mph) acceleration in 9.5 seconds. It comes as a five-speed manual, with push-button engagement of four-wheel drive at £12,000 or with a three-speed automatic at £12,499.

Mechanically, this turbo-charged 2+2 is similar to the 1.8 Turbo 4WD Estate I drove earlier this year. With 134 bhp on tap, it needed all-wheel drive if the front end was not to misbehave when accelerating hard in the wet.

In the automatic, the driver can leave it all to electronics if desired. Forceful acceleration, heavy braking or wet roads—sensed by the transmission kick-down, the brake lights and the wipers being in use—automatically selects four-wheel drive. Clever little devils, these microchips.

Stuart Marshall

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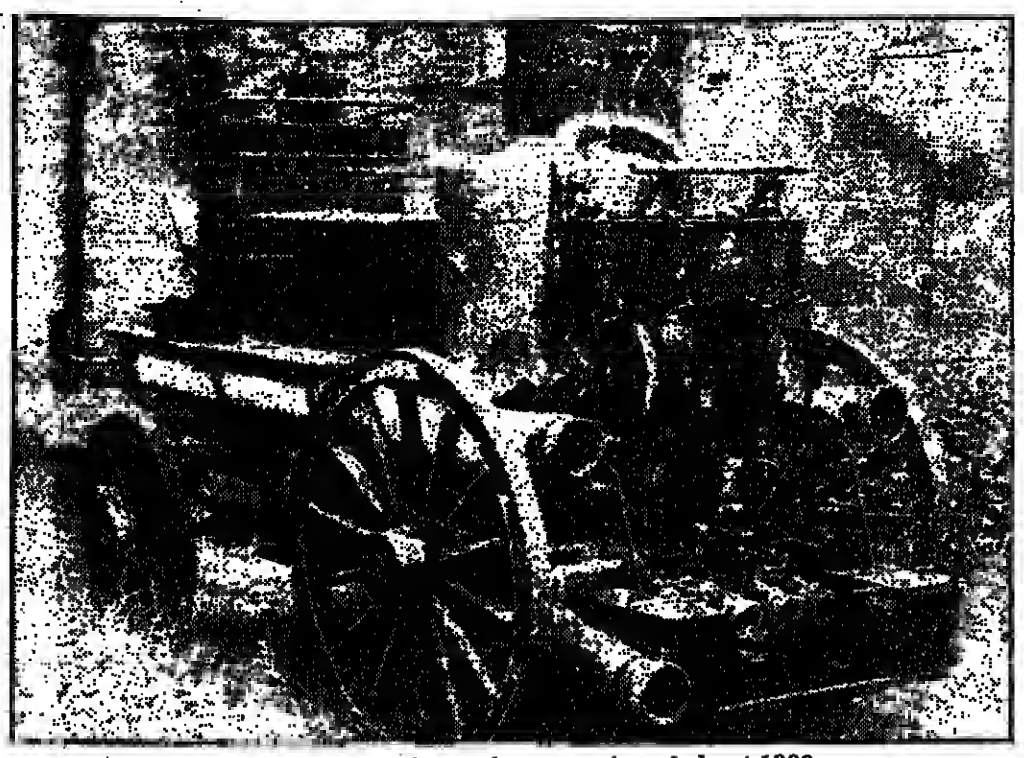
Collecting

Siren song of burning passion



To the rescue: a horse-drawn engine of about 1909

SOMEWHERE, somebody collects fire engines. A couple of weeks ago the Newcastle auctioneers Anderson and Garland sold a 1958 Bedford HCB Angus Short Tender from the Dumfries and Galloway Fire Service for a bargain £500. In its next collectors' sale of vehicles at Beaulieu on July 15, Christie's South Kensington is anticipating high prices for several fire appliances. Three of them—the earliest dating from around 1870—come from the Stoneleigh Abbey estate fire brigade.

Most of the earlier engines which appear from time to time on the market come, like these, from great old houses, which have sometimes preserved engines dating back to the 18th century.

The earlier history of the fire engine is somewhat confused, since the term was generally applied to the outsize brass syringes or squirts which for centuries were—apart from leather buckets—the only means of fighting fires. Even though some of these were so huge that they required two men to hold them and one to work the plunger, the Great Fire of London proved how ineffectual they were.

As through most of human history, catastrophe proved an effective stimulus to technology and organisation. Following the Fire of London a Fire Police was formed, and every parish was provided with its own equipment. The ingenious craftsmen of Nuremburg had invented a pump fire engine a year or two before the Great Fire: and in 1676 came the first English patent on a similar appliance.

The Great Fire, additionally, introduced the notion of insurance. In 1680 a fire office was formed to insure London houses at a premium of 2½ per cent of the annual rent for brick and 5 per cent for timber-framed buildings. Starting with the Phoenix in 1682 the individual insurance companies set up their own fire-fighting units, which were to remain the country's sole public fire defence organisation for the next century and a half. In 1825 several of the companies joined forces, and in 1832 all the individual units were amalgamated into the London Fire Brigade; though it was not until 1866 that a Metropolitan Fire Brigade was formed.

In rural districts, it was customary for the great landowners to put their private fire fighting equipment at the service of the tenants and poor neighbours. The aristocracy were stirred to improve fire precautions after the fire at Hertford House in 1836, in which the Marchioness of Salisbury—"Old Jorum" to her friends—perished. The myopic Lady Salisbury had apparently held her newspaper too near the candle in order to read the small print.

While society thrilled to gruesome tales of her fate (a set of gold-fitted false teeth, they said, were the only vestige of the Marchioness) Mr Merryweather, who had developed an engine that did not need to carry its own water but could pump it up from any convenient local supply, did roaring business with the upper crust. For many years, Merryweather engines were to lead the field: Christies is selling a Merryweather horse-drawn steam appliance of c. 1890—a magnificent brass-clad monster, decorated in black and red with gold trimmings, which they expect to realise in excess of £20,000.

The first steam-powered engine was introduced by John Braithwaite in 1830, just in time to show its mettle at the conflagration of the Argyll Rooms in Oxford Street. Unfortunately Braithwaite's first model took 18 minutes to steam up, which gave the fire something of a head start. Development was fast though, and steam fire engines were to perform handsomely in combating the Great Chicago Fire in 1871.

Fires were one of the great spectacles of the nineteenth century. The larger hand-pumped engines took 20 or 30 men to work them, and at a big fire as many as 500 volunteers would be recruited to the task. Firemen were the heroes of the day, celebrated in children's literature and popular iconography. Captain Braidwood and his successor as Chief of the London Fire Brigade, Captain Shaw, e c l i p s e d sportsmen, soldiers, actors and politicians in popularity. When Braidwood died gallantly fighting the Tooley Street conflagration of 1861, after 36 years of service, his funeral procession stretched through the streets of London for a mile and a half.

Prints of historic fires — among the most illustrated were the Houses of Parliament in 1834, the Royal Exchange in 1838 and innumerable theatre fires (the earliest of them the burning of Shakespeare's Globe in 1613, though that catastrophe, unfortunately, has left no pictorial record)—offer a curious and dramatic byway for the ephemera collector.

Victorian idolatry of the fireman is particularly appreciated by collectors of magic lantern slides. Every manufacturer produced his own series of "Our Heroic Firemen," alongside tributes to the Army, the Navy, the Police and the Lifeboatmen. Lantern lecturers commemorated the courageous exploits and generally melancholy fate of the fire heroes, not forgetting the London Brigade's beloved firefighting dogs, Chance, whom the firemen had stuffed and mounted after his death in 1835: and the terrier Bill, the companion of Fireman Wood who saved over a hundred lives during his fire-fighting career in Whitechapel.

While fire engines are somewhat bulky to collect, the period of the insurance companies' fire-fighting activities produced the most popular of all pyrological collectibles: the "firemarks" or pressed metal badges which were attached to houses to show that they were insured with a particular company, and so eligible for the services of that firm's engines. The marks, modelled with the company insignia, were generally made in lead or copper, though less frequently in pewter and other metals also. They are evocative and often decorative objects, and the rarities and incunabules can command handsome prices.

Janet Marsh

Hometech

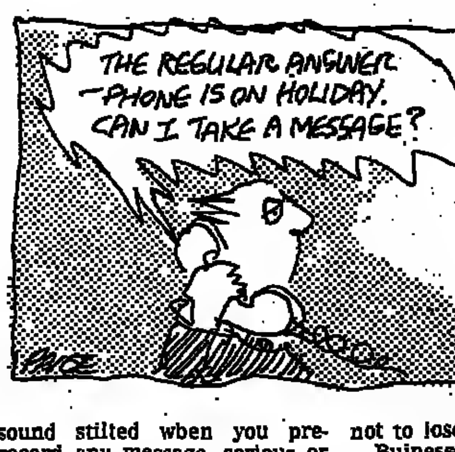
Start stuttering after the jokes

IF YOU telephone a certain *New Yorker* cartoonist, his voice on the answerphone tells you to leave your message after you hear him scream. He then screams. The trouble is that this so disconcerts callers, they usually forget what they were going to say.

The answerphone has become a technological toy, and when you telephone friends who own one, you can never be sure what you are going to hear. Gone are the days, it seems, when householders' only concern was not to leave a message that would alert burglars, like "I'm out until lunchtime."

Instead you may find, on dialling a friend's number, that you are apparently greeted by Mrs Thatcher ("The party you wish to speak to is out of the house, and as a party leader I am here to advise you how to reach them . . ."); or Bamber Gascoigne ("Hello and welcome to the answering machine challenge. I'm your starter for 20 seconds, though you have a lot longer. So if you can talk to the machine while I'm talking to you, it's a bonus of ten points. But if not, please leave your message and your phone number after the tone. No conferring, and away you go").

The advantage of using humour is that most callers are put off whe nthey realise they have to speak into an answerphone. Listening to something lighthearted relaxes them, and makes them more likely to respond. But it's hard not to sound stilted when you pre-record any message, serious or humorous.



A year-old organisation called Cablecom Productions has come to the rescue. It will supply pre-recorded messages like tha above in a parody of any famous voice you like, from Prince Charles to Humphrey Bogart—or, if you prefer, will do a neat line in the sound of Dracula's coffin creaking. But humour, in fact, plays a relatively minor part in its work. Its main business is not so much with home users as with companies anxious not to lose busines.

Buinesses have found answerphones very useful: clients wanting information can be called back. But there are problems: who records the message, the telephonist or the managing director? And can they manage it without sounding self-conscious? Jeff Cane, an originator and director of Cablecom, found that people are invariably embarrassed by the sound of their own voice and tend to leave rather stilted pre-recorded messages on their answerphone. Would-be clients promptly ring off and wait until they can speak to a human.

Cablecom aims at supplying this human touch — cajoling callers into feeling comfortable, and holding their interest enough to make them leave that all-important message. It may simply provide a woman's voice saying, straightforwardly "Sorry we are unable to speak to you personally, but your call is important to us. *I invite you* to leave an order after the tone. . . ." But it will also do "personalised messages," if requested.

"Businesses aren't skilled in projecting themselves on the phone," says Jeff Cane, "so we do it for them. We employ actors and actresses, with trained voices: and we create appropriate sound effects in our studio." Its pre-recorded message for a cross-channel ferry, for instance, matched its French and Spanish holiday offers with French and Spanish music.

Given present-day competition for clients, a little gentle music, o rtha surprise of apparently getting Prince Charles on the switchboard, could just be the turning point. And answerphone owners could get the same bonus as another New Yorker cartoonist—who rushes home to his answerphone each night to hear the amazing abuse the local kids have left on it.

Cablecom Productions Ltd, 77 Brook Street, London W1. 01-499 6497.

Joy Melville

Gardening

Facts and fantasy for rose lovers

ROSE '85, the annual festival of the Royal National Rose Society (RNRS), opens today in the society's display and trial gardens at Chiswell Green, St Albans.

This is an opportunity to see both a unique flower show and *fine gardens in which roses are* grown permanently or on a three-year trial basis, many winning awards. Far more can be learned from permanent beds and long-term trials—where all the weaknesses of each variety are exposed—than from the best of shows or even from visits to rose nurseries where most are in only their first flowering year.

Each year the rose festival at St Albans has a new theme. This year it is "Fun, Fantasy and Floral Art in Roses" and displays include a tiny cottage, a toadstool house, the sun and moon, a rainbow and clouds, birds, bees, ducks on a pond and a frog-catching fly. In all 70,000 blooms have been used in this fantasy, designed by Kees van Driel, with another 10,000 in other features. They were all cut last Thursday and arranged in the 24 hours preceding the show by a small army of helpers.

Members of the Rose Growers Association, the professional body which annually joins with the RNRS in organising the Festival of the Rose, is also showing its finest varieties in large gaskets. Six flower clubs have also interpreted in roses such themes as "Wind in the Willows," "Alice in Wonderland," "It's a Girl" and "School Days."

In a separate marquee the traditional type of rose show has been staged in which both amateurs and professionals compete in many classes. This is not a spectacular way of exhibiting roses but it brings out the greatest skill in cultivation and staging to reveal the quality of every flower. It is tha kind of exhibiting that brought the NRS into being in the first place (it was many years before it acquired the prefix "Royal" as a final seal of approval) and is what most fascinates knowledgeable rose growers.

This year Mrs Clarissa Mason, widow of the actor James Mason and herself a successful rose grower, has presented the RNRS with a medal to be awarded annually to the rose that has given most pleasure during the past 15 years. The first award has been made to Silver Jubilee the lovely pink rose raised by the late Alec Cocker. Mrs Mason will present it to Mrs Ann Cocker.

Everything is now at its peak in the garden. I particularly recommend the extensive trial beds for virtually everything that is new and worthwhile. It may be a little puzzling at first but there are plenty of experts on hand to explain what is going on.

Not all the breeders are professionals and there is an Amateur Rose Breeders Association. A few amateurs have achieved international fame, among them A. Norman who during the 1940s raised Frensham and Ena Harkness, two fine crimson roses.

Most of the top roses, however, come from a relatively small number of professionals.

Rose '85 opens at 10 am and closes at 6 pm today and tomorrow. Members of the society get in free. For non-members the price today is £2.75 and tomorrow £2.50 which includes admission to the garden. Accompanied children under 16 are admitted free.

Arthur Hellyer

Wine

From nursery to finishing school

WHO DEVISED the sherry solera system is not known, but it is thought to have originated at the beginning of the past century. It is an ingenious though basically simple way of maintaining a steady flow of standardised, mature fortified wine. The young, unblended wine of a single vintage called *anada*, is fed into the first of a series of butts, known as the *criadera* (nursery). The number of these will vary from firm to firm and according to the type of sherry.

For Gonzalez Byass's Fino, Tio Pepe, there are eight *criaderas*; for Garvey's San Patricio there are five. The last stage is number one, and from there the sherry goes into the solera from which it is drawn off for bottling or shipment in bulk.

The ingenuity lies in the fact that provided not too much is drawn off from each stage and immediately replaced — generally one-third three times a year for Finos—the character and style of the wine remains unchanged and constant in each, with the new, younger wine assuming the quality of the wine already in the butt. The average age of a Fino is five *to six years, by which time it* has indeed become delicate and fine. At Harvey's bodega in Jerez I recently sampled sherries from the five *criaderas* and the solera of their Luncheon Dry Fino.

At the first, actually numbered five, the young wine had a heavy, coarse taste, and only at the third stage did the sherry display some Fino character, which was more evident at the following one, with more aroma, but short on flavour. The last *criadera* had much more finesse, while the solera wine had a lovely bouquet, slightly more colour, and a much longer taste.

Although the operation is a butt-to-butt one, this takes place on a very large scale. Garvey's San Patricio bodega, 160 metres long, 35 metres wide, and 30 metres high contains 10,000 butts. The great aim in producing Fino sherry is to maintain its freshness and floweriness. So the casks are changed regularly, but this is less necessary for Olorosos, which commonly have fewer *criadera* scales than Finos. Manzanillas, produced at Sanlucar de Barrameda by the sea, has many more, one of 34 scales in the Barbadillo bodega, with the wine transferred from one stage to the next more frequently and in smaller quantities.

The great divide in sherry is between Fino and Oloroso. This depends partly on the source of the grapes (Balbaina, Añina and Macharnudo are particularly renowned for their finos), and partly on techniques employed. The grapes are much *less pressed than* in the past. Croft and Harveys, for example, have huge equipment to receive the grapes, which are not destalked, and to pass them rapidly through to the stainless steel fermenting vats that are now almost universal in Jerez; although after the short, tumultuous fermentation the must is pumped onto oak casks to complete the operation more slowly.

In Croft's bodega 70 per cent of the juice is free-run, and likely to be Fino, with only 30 per cent pressed. Although nature still plays its part in deciding whether the sherry will turn out to be a Fino or an Oloroso, modern techniques are a powerful factor too.

Both types are fortified immediately after the fermentation has finished. If a fino, which grows a rather unpleasant-looking yeast to cover the surface of the wine in a cask no more than four-fifths filled, the 11-12 degree wine is fortified up to 15.5 degrees; if an Oloroso right up to 18 degree, to kill any flor that may have developed. Why one can comfortably drink more Fino in Spain than in Britain is that there it may be only be at original fortified strength, whereas EEC regulations demand shipment at a minimum of 17.5 degrees. From 18 degrees upwards a higher duty is imposed here in Britain.

There is a trend, however, to make Finos lighter. Domecq's La Ina used to be 18 degrees, it is now at 17.5 degrees, and they would like to bring it down to around 15.7-15.8, for with modern techniques it is possible to maintain stability and freshness at this level. This might also be in line with the current trend towards less alcoholic wines.

Fino is what they drink in Jerez. As one prominent shipper said to me, "one has a glass of Oloroso to start with, and then gets down to the real drinking with Fino." Demand for Fino is increasing, but it is no more than 15 per cent of the market here. To my mind it is the perfect aperitif, particularly in summer, but some find it too dry. This impression is, I suggest, owing to the condition in which one often finds it.

For Fino must be fresh and well chilled; but how often does one find this in a British pub or restaurant? Or, for that matter, in a British home? Chambré dry sherry is an abomination and so it is if oxidised, when the delicious, flowery aroma has been killed by the air and the wine has become not just dry but bitter. Oxidation is the enemy of all sherry, but particularly of a delicate Fino. So I was surprised to see in the Valdespino bodega for Innocente—to my mind one of themost attractive *Finos — that the wine was* not being pumped from butt to butt, but transferred in very large jugs. "A little aeration improves it," said Senor Miguel Valdespino."

But not at the bottle stage. So in a Jerez bar the Fino may only be served in half bottles, unfortunately not available generally here in Britain. The alternative, unless the bottle is to be finished on one occasion, is immediately after opening, to fill a clean half-bottle, cork that down (preferably with a *tapered cork*) and *drink* the rest. All sherry should be served either in a Spanish-type copita, which concentrates the bouquet or in *a reasonably* large wine glass with an incurving rim. In the all-too-small glasses in which sherry is often to be found, the aroma that is one of sherry' attractions—especially Fino—cannot develop and is lost.

The most delicate type of Fino is Manzanilla, pale, crisp and slightly salty from the sea air at Sanlucar. Served in *pichons* in the fish restaurants lining the river/sea shore at the mouth of the River Guadalquivir, it is at its original low fortified strength, and, from what I was told on thespot, not withstanding EEC regulations, it may be found at similar strength here. A wine to be drunk quickly after opening.

In a later article I will write about other types of sherry, but this is the time of year for Finos and Manzanillas; not only as aperitifs, but served no less chilled with fish and light first courses. Some well-known brands have already been mentioned, but all the leading shippers have one, and reputable merchant's "a house general" one that may be very good value, as in general all sherry now is. Other brands include Croft's Delicado, Lustau's Pilarita and Sandeman's Apitiv and Don Zoilo's Very Old Fino, one of the happier inheritances from the Rumasa regime.

Edmund Penning-Rowsell

Fishing

The one that didn't get away

A COUPLE of years ago, I sought spiritual assistance from a retired bishop to exorcise the demon of salmon fishing within me. The exercise succeeded: I still go after the creatures, but in a much more philosophical way. No longer do I flog the water in desperation to secure a touch before the end of the week; now, I enjoy the company, the scenery, and the food provided (and, as an insurance against coming home empty handed, I'm all for sharing the catch).

To be fair to the rest of my partners, however, I have to make a show of working; and in mid-June this year on the Shiel, it was just too cold to sleep on the bank. So I fished. There were salmon and sea trout about — they could be *glimpsed with the aid of Polaroids* — but they kept deep down, sensibly deciding they would be warmer there.

For about half an hour in the afternoon there was a bit of finnock, or small sea trout, would do a vertical jump, their bodies quivering like flying fish at sea. They took an interest in the flies and several were caught.

I *found* myself allotted the sea pool, a wild and exposed cleft in the rocks through which the river plunges to the ocean. In the last 20 years we have not done too well there, though at one time it was a favourite spot. It was my turn again on the Thursday afternoon and I approached it without much enthusiasm. Starting at the top ofthe pool, however, I immediately hooked a small finnock, and while playing it in I saw a much better fish breaking the surface.

There was quite a gale blowing and I had a job to throw a straight line so that the fly would hang straight down the current and not be pulled across in a wide sweep too fast for any fish to follow. But it has a rise and a good fish of about 4 pounds took hold: perhaps a sea trout. It was not with me long though: and that, I thought would be that.

Fishing at the same place the day before, however, I had *felt* a strong double pull on the line when I was retrieving very close to the bank, so I tried there again. This time, the pull was very strong and the line was taken across the current by a fish lying deep and shaking its head as only a salmon will.

The sea pool has a very strong current even when the river is low, and the object when playing the fish is to persuade it not to run downstream over the falls and into the sea about 50 yards away. I had 18 lb nylon and a strong rod, and I hoped my backing would hold. But had no intention of letting the line out as far as that if I could help it, so I kept the rod vertical and played the fish by hand and not, as all the experts say one should, with the reel.

I kept the pressure on and the fish took the hint, making a run upstream against the very strong current where it enters the pool. After a while, it got tired of this and made a sudden move downstream. The line became so slack that I thought it had gone; but rapid handlining resumed the contact and I was able to keep in touch until I could bring it to the net—where the fly, a very small double-hooked Blue Charm, promptly fell out of its mouth.

The salmon was good fresh fish of 13 lb, covered with sea lice. A most unlucky fish, too: our party caught only one other in the week, a total equalled by those fishing the other bank.

On my way home I passed through Hereford and asked how the Wye was fishing. Very well, I was told—full of fish. Did I immediately book a day on my old water for next year? I did not. I must have been cured by the prelate; or perhaps I realised that miracles never repeat themselves. For me to catch a salmon was just that.

John Cherrington

BRIDGE

IN HIS new book, *Simple Squeezes* (Gollancz £7.95), Hugh Kelsey seeks to allay the average player's fear of squeeze play by demonstrating its essential simplicity.

Let us consider this slam contract:

N
♠ Q J 9 8 3
♥ 10 3
♦ A 10
♣ A K Q 6

W
♠ 6 4
♥ 8 5
♦ K 9 8 6 2
♣ J 9 8 5

E
♠ 7 5 2
♥ K Q J 9 2
♦ 7 4 3
♣ 10 2

S
♠ A K 10
♥ A 7 6 4
♦ Q J 5
♣ 7 4 3

South deals at game to North-South and bids one no trump, showing 12-14 points, and North replies with two hearts, which is a transfer to spades. East doubles, South duly bids two spades, and North says three clubs. South now shows that his spades are good by jumping to four spades, and North makes a cue-bid of five diamonds. South in turn cue-bids the heart Ace, and North's six spades closes the auction.

In obedience to East's double of two hearts, East leads his eight, which runs to three, nine, and Ace. What is your plan to make your slam?

You must assume that the diamond finesse is working, but that gives you only 11 tricks, unless clubs are divided 3-3. If clubs do not break, you can try for a minor suit squeeze against West. But there is a snag. The opening lead has removed your only side suit entry — you cannot return to hand after drawing trumps.

There is a solution, to ruff two hearts on the table, a sort of dummy reversal, not to gain an extra trick, but to shorten dummy's trumps, and so arrange to establish your third trump as the squeeze card. Finesse the diamond ten at trick two, and return a heart. This rectifies the count, and prepares the ground for two heart ruffs. Win a trump return with your ten, ruff a heart, cash the diamond Ace, and cross to you spade King. Ruff the last heart, return to your spade Ace, drawing the trumps, and at the same time squeezing West.

It is important to know how to defend against the squeeze: South deals at love all, and bids one club, West overcalls with one diamond, and North says three no trumps. South rebids four clubs, North cue-bids the diamond Ace, and South bids six clubs.

Your partner, West, leads the heart Knave, South wins with the King, and runs the club Queen, which you allow to win. On tha next club West throws the eight of spades, the Ace wins, and a third club puts you in. How do you see the situation, and what do you return?

N
♠ Q 7 4
♥ Q 5 4
♦ A Q 10 3
♣ A 8 5

W
♠ K J 8 2
♥ J 10 8
♦ K J 9 8 5
♣ 6

E
♠ 10 9 6
♥ 9 7 6 2
♦ 7 4 2
♣ K 4 3

S
♠ A 5 3
♥ A K 3
♦ 6
♣ Q J 10 9 7 2

It seems natural to respect partner's demand for spade lead, but if you play a spade at this point, you will regret it. You know that the declarer has five club tricks, three hearts, one spade, and, with the finesse of the Queen, two diamonds — 11 in all. Hearts and clubs will be run off, and West will be squeezed in spades and diamonds.

You may not like the idea, but you must lead a diamond into dummy's tenace. This will give South two diamond tricks —they are his for the taking already—but it will defeat the contract, if your partner has the spade King.

E. P. C. Cotter

The city where style is everything

Paris is magical on sunny summer days. This week and next, How to Spend It takes a franc look at ways of lightening the wallet

GUIDES are a personal matter but for my money **Le Guide de Paris** by *Gault Millau* at about F100 is much the best (if you read French). In their own acerbic style the authors give you the low and bigh down on everything from restaurants to hotels and where to shop for *what.* They *also publish* a weekly magazine, called simply **Gault Millau** (now that they are so *famous,* it's enough) and it is always worth buying the latest edition when you arrive. This month's issue, for instance, *concentrates* on *eating outdoors* in Paris.

Pariscope lists, with no attempt at critical assessment, restaurants, theatres, cinemas and most good hotels give you a copy free. Comes out weekly.

Paris has not escaped the Sloane-Ranger and Young Fogey influences and the guide for those interested in sucb matters is **Thierry Mantoux's BCBG** (which stands for Bon Chic Bon Genre) *which* tells you where the Sloane Ranger's Parisian cousin shops, visits entertains and so on.

For the impecunions, **Paris Pas Cher** is invaluable. A new edition is coming out in September but in the meantime it's hard tn buy an old one—borrow it, if you can.

The Fnod Lover's Guide to Paris by Patricia Wells, restaurant critic of the *International Herald Tribune,* is a delight—a personal, lively guide on where to eat, what the specialities of the restaurant are, wbere to shop for everything from the best caviare to the finest Toulouse sausages. A mouth-watering *selection* of recipes, too.

Au Bain Marie for the well-furnished table

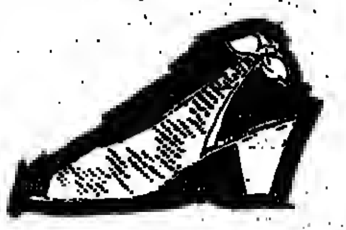
Prêt à porter

IF YOU are after a feel for today's fashion there are two places you mustn't miss—the Place des Victoires, and the area round the Rue de Grenelle, Rne du Cherche-Midi and Rue des Saints-Percs.

Approach the Place des Victoires from the Rue Croix des Petits-Champs and you come across one of those spare, minimal Japanese shops beginning to sprout around Paris. This time it is **Tokio Kumagai,** whose shoes cost a small ransom but are instantly recognised by those in the know. Some are plain and understated but mostly he is known for his shoes witb tnes shaped like cats' faces or racing cars with squared off toes. Parisians go when the sales are on and get them at half price.

In the Place des Victoires itself there is **Kenzo** and **Cacharel pour l'Homme** end **Victoire,** where if you are a serious shopper, the assistants will put a look together for you with great flair. Shoes, bags, belts and all the accessories that make the limp-looking linen wnnderful are all to he found under the one roof.

Over on the Left Bank, it's all bappening aronnd the Rue de Grenelle **La Bontique d'Emilia** at No. 11 is where you can find up-to-the-minute shoes, bags and belts. **Christian Aujard,** on the other side of the road a little way up, sells the kind of understated clothes that need a little flair to put together but put yourself in the hands of the assistants and you won't be sorry.



Soft red leether shoes, F450, from La Bontique d'Emilia

Sonia Rykiel and **Emmanuelle Khanh** are both to be found in the Rue de Grenelle, near the junction with the Rue des Saints-Pères and if you haven't found exactly the shoe you'd like the junction there is crowded with shoe shops from the impossibly chic and expensive Maud Frizon to the slightly more sober France Faver.

When it comes to Les Halles, opinions vary. I found it an efficient place to shop but no more. I much preferred poking around in the smaller streets. Fashion friends of mine never go to Paris without looking in at **Agnes B,** for instance, at 2 Rue du Jour, le, where the cotton jersey separates always come in the right colours and the right lengths for the season end always convey an air of understated sophistication.

If you want just one small boutique where you can buy one outfit that is neither outrageous nor too sober, but has that unmisakable Parisian look, I would recommend e trip to **Samantha,** at 60 Rue de Rennes, just off the Place de St Germain de Pres. It is small, the assistants wear the shop's own designs with great panache and will show you exactly how to get the look together.

Beyond the fringe

IF YOU'RE looking for a new Parisian haircut **Carita** at 11, Rue du Faubourg-Saint Honoré, 7e and **Alexandre,** 3, Avenue Matignon, 7e, are the grandest names. Maman has been going there for years and when the time is ripe she introduces petite Isabelle. Christopher is the name to ask for at Carita and a cut and blow-dry will set you back at least FFr 800. Alexandre has a slightly older image and it isn't long before petite Isabelle heads off to **Manialis,** a youngish chain, said to cut some of the most beautiful young heads in Paris. For a good but unalarming cut go to Jacques Dessange or Patrick Ales.

Hats off

ONCE PARIS was full little modistes who would make you a bat to measure. Today **Venus et Neptune,** in the Rue de l'Ahbaye, just off the Place de Furstemberg, is one of the few who will do it today. A young and modisb clientele go there for ravishing hats, all made in any style or colour or fabric. The shop itself is full of enough charming and dramatic examples to tempt even the timid to experiment. Orders take from a week to 12 days but the results are well wortb it.

A table

DEHILLERIN, 20 Rue Coquillere, le, has been supplying the chefs of Paris, for the past 150 years—and it looks like it. Nothing new or decorated about it, just rows and rows of everything the true cook would like —*copper pans* and *bains maries,* wooden spoons and knives, skewers and sieves, all the old-fashioned and proper equipment simply arranged.

Au Bain Marie, 20, Rue Herold, Paris 1 (close to the Place des Victoires) is a wonderful mélange of things old and new for the kitchen, the dining-room or the bedroom. Great jugs of knives with handles made from Galalithe (an early plastic) in colours from pink to grass green, decanters and claret jugs, serving spoons and glasses, cocktail jugs and old pieces of silver. There is linen, again old and new, for the table and the bed, there are pieces rescued from the old Pacquebots Normandie or from the sales of wares from the grand hotels. The look is at nnce rich and interesting without ever being pretentious. The perfect place for those whose tastes do not run to the spare or minimal. The selection is eclectic but the same eye is behind it all.

Fantasies made tn measure at Venus et Neptune

Folies

ANCOLIE, 233, Rue St Honore, 1c, sells witty, up-to-the-minute costume jewellery. Whether you are looking for the buge, jangly ear-rings currently to be seen on every fashionable ear-lobe or a whacky plastic "tie," or an elegant bauble to put on your wrist, Ancolie will probably come up trumps.

Fabrice, 33, Rue Bonaparte, 6e, specialises in what it calls "fantaisie" mainly for the evening, but the woman with a great deal of elan could certainly carry it off by day. Very chic head bands and ornaments are what it sells—nearly all individual, all very sophisticated, all topped *by Art Deco* hrooches or bunches of fruit. Not cheap (they range between Fr350 and Fr780) they do bave an unmistakeably Parisian eir and could give any outfit you are bored with quite a lift.

Specs

JEAN LAFONT, 11 rue Vignon, 8, will make your glasses to measure, in any shape or colour. In the shop are glasses old and new, sober or so original you wonder who on earth would wear them. But for the service they offer, the prices are very reasnnahle.

Pour la maison

CENTRED ON the Place de Furstemberg, just off the Boulevard St Germain, is a group of enchanting interior decorating shops, where the smart Paris house gets its custains, its sheets, its towels and its bric-a-brac. **Manuel Canovas,** currently one of *the* sought-after decorators, shows his fabrics there and next-door **Sophie Canovas** sells beguilingly pretty sheets and towels, nightdresses and other pretty frillies.

Jac Dey and **Pierre Frey** a few doors away also sell an inimitably Parisian look for those who want to bring back something with a difference.

Arcasa is a small group of shops which sells some lovely things for the house. The main branch is at 219 Rue St Honore, 1e, and there you will find lovely vacuum flasks, water jugs, decanters, pretty and fashionable hexagonal porcelain plates—just the thing for laying out your nouvelle cuisine creation. A small present to take home could be the Manuel Canovas perfumes for the house

Penguin cocktail shaker, F2750, from Au Bain Marie

Simrane, on the corner of Rue Bonaparte and Rue Jacob in the 6th arrondissement, sells lovely bright hand-made Indian fabrics by the metre or made up more beautifully than I have seen here into hedspreads, table-cloths of all sizes and shapes. Prices are good—a 140cm square cloth is about £16.

Miniature "silver" salt and pepper pots from Lancel, 4 Rond-Point des Champs Elysèes. F240 for fonr

Solelado, 78, rue de Seine, near where it turns into the Rue Tournon (also on the Left Bank on the other side of the Boulevard St Germain) has a vast and glorious selection of all those delightful fabrics that defy time and fashion and just go on looking wonderful. Besides a greater selection of these fabrics than can be found in the small London shop, there is a big selection of tablecloths, clothes, small present items, scarves, hags, etc.

Light fantastic

POINT A LA LIGNE, at 177 Boulevard St. Germain, is a small and exceedingly pretty shop specialising in all things pretty for the table, but mainly candles — shaped like bunches of grapes or *complete* fruit sundaes, plain in terracotta pots or scented to keep away the insects. It is a good place for the charming present.

Madeleine Gely, one of the oldest shops in Paris, selling umbrellas and walking sticks of every description

Rained off?

MADELEINE GELY, 218 Boulevard St. Germain, founded in 1834, is one of the oldest shops in Paris still to he purveying its original wares. Here you will find umbrellas and walking sticks of every conceivable size, coloor and originality. There are wooden hippo heads for children and rare collectors' pieces like the cat's head with a red tongue that comes out at the press of a button. There are sticks that conceal sharp-edged swords and pretty parasols for a day out to Longchamps. Choose your own handle, and your own fabric — nowhere else is the choice as wide.

Antiques

THE Marchés des **Puces** (Porte de Clignancourt, Metro) dnes nol boast many bargains any more but it is always worth a good promenade should you have the time and energy—it is bustling, full of life and interest and if you persevere beyond the rows of cheap clothes you will come to the "antiques." Open all day Saturdays and Sundays, Mornings only Mondays.

A grand and beautiful arcade with lovely armchairs to sit in and good, clean loos is **Le Louvre des Antiquaires,** near the Louvre in the Rue St Honoré. You can gaze in comfort and shop—if you have the means — for charming French provincial furniture, maritime pictures, glass, porcelain — or just wander round the perfumed garden upstairs.

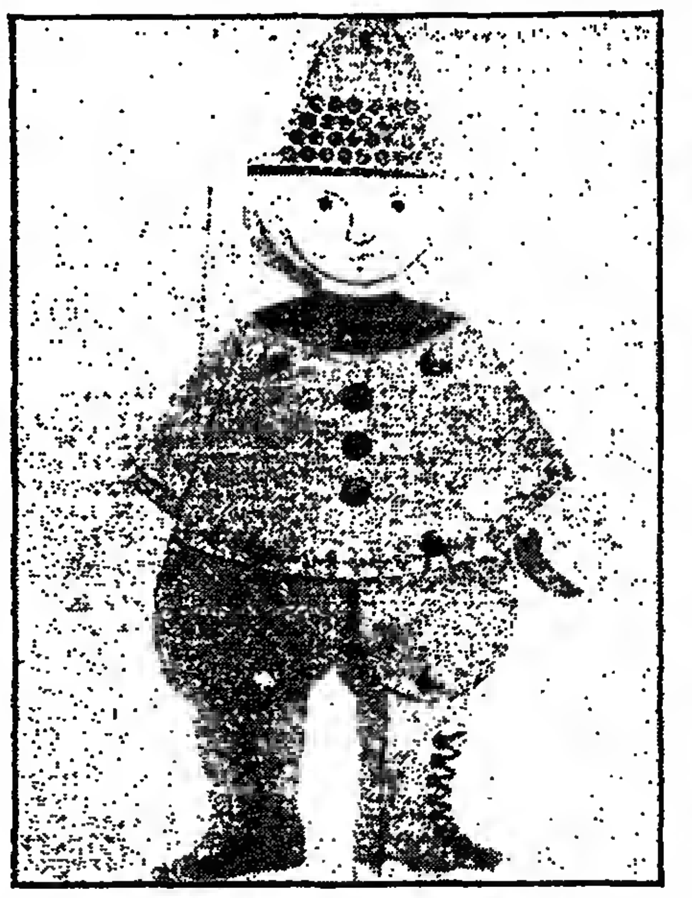
Otherwise the area round the Place de Furstemberg and the Rue Jacob on the Left Bank, just off the Boulevard St Germain, is a delight to stroll down, full of little shops selling things old and charming. For small presents go to **Francoise Thibault** on the corner of the Rue Jacob and the Rue de l'Echaudée St Germain. Some are old and some are new, but all have that something special about them.

Big stores

MY STAMINA for department stores is severely limited but there is no doubt that a visit to one of them is the quickest way to cover a great deal of ground. **Galeries Lafayette,** 0 Boulevard Haussmann and Tour Montparnasse, **Au Bon Marché,** Rue de Sevres and **Au Printemps,** (main branch, 64 Boulevard Haussmann) all have their strong points. All are good places for inexpensive, fashionable costume jewellery (the sort that is fun this year, out of date next), for bags, belts and other accessories. Galeries Lafayette is the prettiest with an enchanting glass dome and if you head for its designer floor you can see all the big names — Dior, Ungaro, Saint Laurent, Rykiel et al. Printemps is beautifully organised and you should look out for **Selection Printemps** which is their own collection of the current look (in the style of the big name designers) at much lower prices. Children's *clothes* are *another good buy*— Printemps earlier in the summer was offering a beautifully smocked baby's dress for F90, **Au Bon Marché** has a marvellous food section so its a good place to pick up last-minute presents and has an excellent children's department. Look out for the special presentations at the time of La Rentrée (when the schools restart in the autumn) as there are always much more interesting selections of school accoutrements than are available here.

Last bite

MORE queues at **Poilâne,** 8 Rue du Cherche-Midi, Paris 6. Here you will find some of the most famous bread in the world, including sour-dough and the essential for celebrations, the personalised pain décoré which Parisians order several days in advance. Dnn't worry if you're overtaken by hunger while shopping in the area: it is part of the Poilâne mystique for its customers to he so overcome by the sight and the smell that they start on the loaves before they have left the shop.



A brightly-colnured puppet from Le Monde en Marche

Kids' corner

AGNES B at 2 Rue de Jour, 1, has that ineffably French, understated look that would make any child look chic. **Sonia Rykiel** in the rue de Grenelle was the *first* to think of dressing children in black and her high chic of sober stripes and plains is still much in demand. But it is at **Scapa of Scotland** (round the corner from Rykiel in the rue des saints-Peres) that Mme BCBG (the Parisian Sloane Ranger) feels most at home. There she finds those Liberty prints, those smocked dresses, those small-sized Shetlands and long-line Bermudas that make up the look she is after. If Mme BCBG goes to a department store she's most likely to find what she's looking for at **Aux Trois Quartiers.**

If you're looking for presents **Au Nain Bleu** at 410 Rue St Honoré is one of the most famous toy shops in the world. It has a particularly wonderful selection of very elegant puzzles and stylish dolls tea-sets—complete with little cafetières, pots of jam and napkins.

Le Monde en Marche, 34 Rue Dauphine, 6e, is the place for everything wooden—from model aeroplanes to complete sets of Noah's Arks.

Something for Monsieur

"LE LOOK ANGLAIS" is all the rage. The point is not to reflect your personality or to he fashionable but to wear the right uniform and the more "English" the uniform, the better pleased is "monsieur." The smartest Frenchman of all go to the lengths of getting their suits made in Savile Row and their shirts from Turnbull and Asser. However, there are some things that the Englishman visiting Paris might look out for. It is not for nothing that **Weston** shoes have been called (by a Frenchman, hien sur) the *Rolls-Royce of shoes — the* softest leather, beautifully worked in Limoges, have made Weston shoes the most copied in France. So understated are they that nnly those who wear them recognise them. Those who can bring themselves to pay the prices (about FFr 1,000 a pair) will not wear anything else. There are three branches, 144, Avenue des Champs-Elysees, 8e, 97, Avenue Victor Hugo, 16e and 98, Boulevard de Courcelles, 17e.

Hemisphères, 22, Avene de la Grande-Armée, 17e specialises in an intriguing mix of old and new, English and French. It could he said to be to Paris what Hackett is to London. There you will find the only jeans the smart Frenchman will wear (Levis 501), cashmeres by McGeorge in beautiful colours, Chester Barrie suits, Smedley polos and beautiful American parkas as well as finds from antique markets and junk shops all put together with style and panache. Quality is high and so are the prices.

Facconable, 25 rue Royale, 8e sells the sort of leisure-wear that makes Frenchmen look so chic when disporting themselves on beaches or on holiday.

Scapa of Scotland, 6 rue de Grenelle, 6e, is where you can find immaculete "Oxford's" (cotton shirts), Shetland sweaters and all the other accoutrements of the French idea of English style.

On the whole the smart Parisian shops in the small boutiques or else goes to the great names (Hermes, Dior, etc) but there is one store where you can find much of the look under one roof and that is **Madellos,** 10 Place de la Madeleine, Paris 8e.

Photographs Trevor Humphries Illustration Peter North and John Babbage

Beat but not beaten yet

MEMORY BABE: A CRITICAL BIOGRAPHY OF JACK KEROUAC
by Gerald Nicosia. Viking £16.95 767 pages

COLLECTED *POEMS 1947-1980*
by Allen Ginsberg. Viking £16.95 837 pages

FOR NEARLY a decade after the Second World War there was an unnatural calm in American literature. In the literary reviews, the New Criticism ruled the day; in the novel, James Gould Cozzens, Truman Capote and Gore Vidal cultivated a casual refinement; in poetry it was "the age of Wallace Stevens" when Richard Wilbur, Robert Horan, James Merrill and W. S. Merwin produced their slim and elegant volumes. But under the seemingly unruffled surface the pot was boiling, and in the 1950s the first hubbles broke the surface. The "Beat" and "Black Mountain" writers sent their poisonous fumes to pollute the pure air of the literary establishment. Or so the critics of the time would have had us believe.

Although it is the "Black Mountain" poets—deriving as they do from Ezra Pound and William Carlos Williams—who will probably have a more lasting effect on literature, it is undoubtedly the Beats who have made the major impact on the public mind. The reason is not far to seek: they were part of a larger social phenomenon. What was "beat" in the 1950s became flower-power and hippy culture in the 1960s when, as lion with lamb, the plebeian Mailer and the patrician Lowell walked side by side up the steps of the Pentagon; when Gregory Corso took off his trousers in the American Library in Rome; and Allen Ginsberg went from marijuana to Maharishi.

According to Gerald Nicosia, Jack Kerouac first began using the term "beat" in 1940, when he was barely 18, and living with his French-Canadian parents in a Pawtucketville tenement—across the Merrimack from downtown Lowell, in Massachusetts. For him it connoted a sense of guilt and sadness, leading to self-flagellation. Ginsberg sounded a similar note in the 1950s. "Beat," he said, had more to do with "weeping for the world" than with being "angry at the world;" it was more akin to "beatitude" than to being "beat up." Whatever the protagonists might say, however, the public was quite sure in its own mind. The beats were angry young men who took drugs and used obscene language. Which, of course, is true; they did, however, perform other, less reprehensible, functions.

The "Beat" movement was not an isolated phenomenon. The outcry of the public and the critics was little different from that which greeted *les fauves* and the Dadaists earlier in the century. The Surrealists had come in for similar abuse and so, on another level, had Joyce, Beckett and Céline in their day—authors who were not exactly unknown to the Beat writers. What was abused as a "typically American" way of acting and thinking was old hat so far as Europe was concerned. The "non-linear" style of writing which Kerouac developed in *On the Road* was a sort of half-way house between *Finnegans Wake* word-coining and what Robert Creeley called "*spontaneous prose*" — having as one might expect, much more affinity with the latter since, whereas Joyce was all head, Kerouac was all heart. It is a style which—despite an initial suspicion of phoniness—has a genuine appeal; joy and energy triumph over technique—as, indeed, they have often done in American literature, from Melville and Dickinson to *Dreiser* and *Wolfe*.

Gerald Nicosia deals with his sad subject in a massively documented, loving and lurid account. One-hundred-and-eighty pages alone are devoted to the period from birth to early manhood. Although the book is subtitled "A Critical Biography." there is nothing critical about it. Nothing, either, is left to the reader's imagination (we are told, for example, that "the Forest of Arden" is a reference to Shakespeare). What does come across very well, however, are the terrible rewards of complete self-absorption. Lacking any guiding principle, any sense of control, Jack Kerouac drank himself to death at the age of 47. The recently reviewed biography of Tennessee Williams by Donald Spoto told a similar story. What links the two writers beside their frenetic urge towards self-destruction is an equally frenetic necessity to commit themselves to paper. Kerouac published 22 books in all and, taken together, they provide as good an account of his life as any biography. With his film-star good looks and his prowess as a football player, this poor "Breton" as he called himself, made it to Columbia. There, he got taken into a literary world in which he was always uneasy. His discharge from the Navy as a "schizoid with angel tendencies" says it all. Ginsberg, faithful to the last, still maintains that Kerouac was the greatest "poet" of the group. Few readers, I imagine, would agree with him today.

Geoffrey Moore

Allen Ginsberg: part of a larger social phenomenon

Fiction

Skills in squalor come first

FOREIGN LAND
by Jonathan Raban. Collins/Harvill, £9.50. 352 pages

THE BEANS
by Carolyn Chute. Chatto and Windus, £8.95. 215 pages

YOU LIVE AND LOVE and other stories
by Valentin Rasputin. Granada, £8.95. 180 pages

WRY BUT suitable for a travel-writer's first novel is the title *Foreign Land*; because Jonathan Raban looks at today's England with the detachment he used in looking at the Mississippi or the Middle East. His hero George returns from 40 years in Africa to his parents' cottage in Cornwall with no happy memories of them or it to cushion the shock. Divorce has cut him off from the daughter he might have loved and he seems to have no English friends.

In Bom Porto he had chums (if not friends, exactly) and a delightful, if suspect, mistress; the sun shone, he was known with affection everywhere, he felt at home. What he finds here sickens and alarms him: "How squalid and graceless it was, this strange village England of the young, where . . . George was in resentful exile."

That is the country, if you can call it country: an urbanised proletariat on wheels—two or four; leather-jacketed, beer-bellied, jocosely violent; and a sour bourgeoisie regretting a half-invented past. London is worse, great tracts of it a wasteland where taxis refuse to go, obscenities sprawl across every spare surface, people glower, a sort of mad light seems to shimmer.

There George's daughter, pushing 40, is pregnant by a youngster who lives in her house working at odd jobs and peddling anything he can find. She and George fail totally to communicate: their efforts pathetic cries in the dark, signs of a sort of love-manqué, a feeling both longed for and lost ages ago.

So, what to do. Desperate on dry land, hopelessly adrift in the house and atmosphere of his unloved family (dead parents, grim ancestors, grubby relics of unvalued lives), he knows he will do better afloat; so he buys a boat and sets off. Snug at last in his ark-like craft, he finds the sea provides the reassuring base on which he can sail into the past as well as travel in the present to recover his lost self and life.

Raban's first novel is highly accomplished, as you might expect from the author of *Old Glory*, that fictional-sounding account of another sailing trip, "real life" that time. Above all it manages the time-slips with enormous skill, all the back-and-forth memories, retrospective desires and rueful regrets of a lifetime as George, sailing along the Channel, is visited by his past. It is also up to the minute in its horrified look at the foreign land that is today's England even to those who live *in* it, never mind returning expatriates. Depressed by its view of us, exhilarated by its *skill* and punch, *I read* on, uncertain of mood and reaction: there is much to agree with, too much for comfort.

Carolyn Chute's first novel has a narrative that sounds like the talk of its characters: the patois of rural Maine. The Beans of its title are a vast clan linked by poverty, incest, ignorance of today's America and a kind of furry animal loyalty; living in shacks and caravans, hosing themselves down occasionally, relieving themselves in buckets. Barefoot, filthy, diseased, they nonetheless have the fruits of modern technology — cars, television, even food-stamps. But the welfare state, with its busybody helpfulness, seems a long way off. Unmarried Aunt Roberta has nine children (fathers unknown) collectively known as "the babies"; when each baby grows to make way for the next man and the next baby it just becomes "the bigger baby."

This strong, high-pitched novel is not exactly enjoyable (the patois is exhausting after a few pages), but it is immensely talented and vigorous. Its trouble is the discrepancy between realism and poetry, the surreal. The framework is realistic but are its doings, its people? How can the modern world impinge on them (through television, say) yet have no effect? A sort of *grotesque* wild poetry carries it along, far from such questions. They intrude all the same, into what is a *remarkable* début.

It seems odd to find someone called Rasputin writing lyrical tales set in the country. He comes from Siberia and celebrates all kinds of rural and small-town simplicities and depths. The longest story and the most memorable is about a boy who goes out into the forest to pick berries, and feels its beauty and vastness rapturously, almost mystically. Other stories have more humdrum themes—adolescent love, schoolboy timidity, loneliness. In every case the qualities valued are the intuitive ones, the heart-felt as opposed to the logical and "sensible" and when Rasputin's characters fail to follow their heart's impulses they *suffer and fail*.

The country way of life, though not obtrusive in most of the stories, which are mainly concerned with people, seems almost anachronistic, and one has a sense of people who, after centuries in the same place and with an ordered, familiar existence, hear the tread of the modern world close behind them. This adds to the stories' interest; they seem to record an almost-lost world, not quite absorbed in the present system.

Isabel Quigly

More murder on the Nile

THE PROPHET AND PHARAOH: MUSLIM EXTREMISM IN EGYPT
by Gilles Kepel. Al Saqi Books. £18.00 (£5.95 paperback) *260 pages*

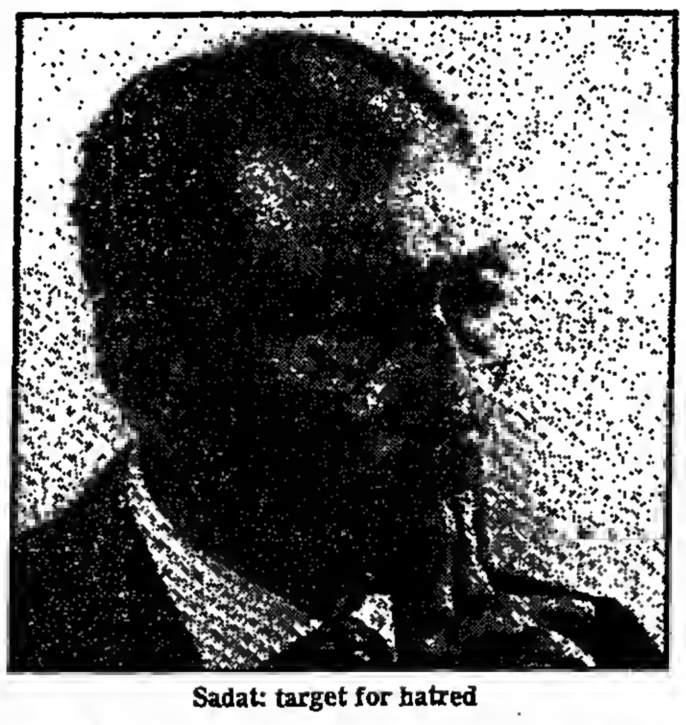
MAN OF DEFIANCE: A POLITICAL BIOGRAPHY OF ANWAR SADAT
by Raphael Israeli. Weidenfeld & Nicolson. £18.95. *314 pages*

THE CONTRAST between the grief of the Egyptian populace at Nasser's death and their apparent indifference to Sadat's was at first sight paradoxical. For it was Sadat whose policy put Egypt first, who recovered the territory Nasser had lost, who relaxed the pressures of a police State, and whose personality and outlook were more specifically Egyptian. On a less rational level, however, he had failed to respect too many popular *prejudices*. He consorted with Israelis and co-operated with the United States. And his life-style lacked the evident incorruptibility of his predecessor's; undoubtedly a man of deeper religious feeling than Nasser, he was nevertheless far from sharing the latter's almost puritan austerity. It was therefore a mark of the same paradox that he should die at the hands of religious fanatics.

M Gilles Kepel (whose book is translated from the French) has performed a valuable and original service in analysing the background and motivation of the President's assassins. After tracing the history of the Muslim Brotherhood and its more radical offshoots, he points out that what he calls "the Islamicist associations" were becoming the dominant force in the *Egyptian* Student Union in 1976 and that in a landslide election at the end of the following year they swept aside the previously significant Nasserist and Marxist tendencies. This was the year of Sadat's dramatic journey to Jerusalem, to be followed two years later by the peace treaty with Israel. Since Zionism and indeed the Jews were anathema to the Islamic movement, Sadat became a target for its hatred and abuse.

Nor was the peace with Israel his only conspicuous offence. The arrival of the *first* Israeli ambassador in Cairo almost coincided with his flamboyant gesture in putting an end to the international humiliation of the deposed Shah of Iran by giving him refuge (and eventually a State funeral) in Egypt. The act itself, together with the derisive comment on Khomeini and by implication on the Islamic revolution in Iran with which Sadat accompanied it, confirmed those who planned *his* death in *their* view of *him* as the "iniquitous prince" whom it was a sacred duty to destroy.

"I have killed Pharaoh" the leader of the assassins shouted as *Sadat* fell, echoing in another context the anger of the Iranian fundamentalists



Sadat: target for hatred

Raphael Israeli has *previously* collected, translated and published the immense volume of Sadat's speeches and interviews. Unfortunately this achievement *has* weighed heavily on his *life* of the President, rendering it verbose, repetitious and on *major issues unilluminating*. Questions raised by the major events of Sadat's career are left not only unanswered but unasked. Thus the dismissal of General Shazli during the war of 1973 is recorded with no reference to the conflict of tactical advice which *preceded* it. More surprisingly in a substantial volume, the negotiations at Camp David *and* for the subsequent peace treaty are compressed into half a dozen pages.

Mr Israeli expresses no opinion of his own on the charge that Egypt's separate peace *fatally* undermined the capacity of the Arabs to resist Israeli expansionism and to safeguard the *future* of the Palestinians. Nor does he allude in any way to the counter-charge that the Arab States were so obsessed with their *denunciation of* Sadat *that* they failed to exert any influence whatsoever on the interpretations to be put on the ambiguous terms of the agreement by its American mediator. It is at least arguable that, if Egypt's defection tilted the future military balance decisively in favour of Israel, the negativism of the other Arab States greatly diminished the opportunity for positive steps towards a Palestinian settlement which Anwar *Sadat's courage and clarity* of purpose had created.

Harold Beeley

Journeys end in isolation

SUNRISE WITH SEAMONSTERS: TRAVELS AND DISCOVERIES
by *Paul Theroux*. Hamish Hamilton £12.50. 365 pages

AS A TRAVEL-WRITER, Mr Theroux is all energy and colour, continually up-and-doing. Taken singly, the journalistic pieces collected in *Sunrise with Seamonsters* are usually immediately readable.

Born in Massachusetts, Mr Theroux is one of those Americans who believe, of course, all men are brothers, and he just happens to have inherited the earth. Growing up in the early 1960s, as he explains in "Cowardice," the only truly self-revealing piece in this book, he joined the Peace Corps and went to Africa for fear of being drafted to Vietnam. Once in *Malawi* and *Uganda*, he began to write oblique scene-paintings around the crack-up of those countries. Here was brilliant readability all right, but a pattern of evasion was also set up, to be repeated more light-heartedly wherever he was next on his way, Singapore, India, Malaya.

A child of the times, Mr Theroux could not admit to the dark conclusion that all men might not be brothers, and that the real world is given over to such things as disease and random violence rather than to the values of family life in Massachusetts.

In Africa he had come to know V. S. Naipaul, and the portrait he draws of the novelist is intelligent and true. He realised that Naipaul's strength lay in having freed himself from every sentimental preconception about man; he still could not free himself accordingly. Long-term loyalty to a number of orthodox 1960s clichés too often turns Mr Theroux into a whiner, as in *disobliging* and *sarcastic* essays about Hemingway and Nixon, and patrons and patronage.

Refusal to *examine fundamental* beliefs in the light of experience leads in the end to *a false position: Mr Theroux* has taken to travelling within regulated systems, preferably on a safe *train* or by boat, alone in such a manner that his thoughts and his person are in contact with protecting authority rather than ordinary people.

More or less empty landscapes, such as western Ireland or Corsica, will pass at a pinch. But buses, Afghanistan and hippies, walking on the streets, all uncontrollable face-to-face encounters tend to become too challenging. The experience of riding on the New York subway has been vividly evoked, for example, but one cannot help noticing how Mr Theroux did it in the company of policemen. The ensuing isolation has been responsible for driving him deeper and deeper into the refuge of style (exemplified in the book's title, which in the context is devoid of meaning, for all its prettiness).

This collection also includes a number of literary essays, more exactly tributes to writers whose idiosyncratic company he would wish to keep, V. S. Pritchett, John Collier, S. J. Perelman, even *Henry Miller*. These are sensitive and generous. Over the past 20 years, *Mr Theroux says* that in addition to all these pieces he has also written 356 book-reviews which he chooses to omit, "somewhat startled by their ferocity." What seems most dated here is the innocence, the need to like and to be liked, which makes for such solitude.

David Pryce-Jones

A dim view from High Table

UNHOLY PLEASURE: THE IDEA OF SOCIAL CLASS
by P. N. Furbank. Oxford, £9.50. 154 pages.

This is a most baffling book, and the bafflement starts with the title, *Unholy Pleasure*. It *suggests* that the author intends to discuss the idea of social class from a secure posture of sly mockery at the competitive vanity of others. Such an impression is entirely misleading; for the dominant tone of voice is of indignation.

The indignation is directed first at what he takes to be the English obsession with class *distinctions*: "People in Britain at the moment talk too much about 'class.'" So far so good. But almost immediately Mr Furbank swivels his indignation away from the distastefulness of this obsession (which has been going strong for about 150 years), to the elusiveness of class distinctions.

In successive chapters he *interrogates historians*, sociologists, philosophers, and finds their answers deeply unsatisfactory. From the sociologists he cites a confession of failure, by Dahrendorf: "The concept of class in sociology is surely one of the most extreme illustrations of the inability of sociologists to achieve even a minimum of consensus. . . ."

Mr Furbank concludes that social classes do not really exist. "They are not that sort of thing," he says, "but rather fictions or imaginary frames that people project upon others, and these will differ of necessity according to who is doing the projecting and why."

Such a conclusion seems to me altogether too extreme. I take it that concern with class distinctions is, in large part, a product of progressive *equality* under the law, economic liberation, the replacement of feudalism by democracy, and social mobility. But to claim that these distinctions are elusive or shifting is one thing; to argue that they do not exist *is to* ignore what we know by observation.

Moreover, it is not true that social classes are *only* fictions projected upon others. People may indeed invoke social distinctions negatively, to reassure themselves that they are better than those in the class "below." But even these negative definitions persuade people to adhere *to visible touchstones — dress*, address, life-style, recreations and manners—to buttress their sense of superiority, or as a device to achieve migration upwards.

It may be ludicrous or contemptible, according to one's point of view; but to the extent that behaviour is manifestly influenced by these considerations, especially among those who fear (or hope for) social mobility, the notion of social class is only too real.

But Mr Furbank is Reader in Literature at the Open University, and he is concerned with social class, not as a slippery fact, but as an idea in literature. Yet even here his exploration *is informed* less by the desire to illuminate than by the need to pass moral judgment: those 19th century novelists who gave great emphasis to class questions were inferior to modern writers, like Proust and Joyce, who have "escaped" into egalitarianism through the device of the interior monologue.

The exercise is conducted with a large display of erudition, and includes interesting side-journeys into the French idea of the *honnête homme* and the English notion of the gentleman. But in the end I was unable to guess what was the purpose of the book, and I was not helped to find an answer by Mr Furbank's *relentlessly* indignant egalitarianism. Are we seriously to suppose that the problem of social class, or the problem of the *idea* of social class, is resolved by the interior monologue, regardless of any transformations in the real world? Come, come, Mr Furbank.

Ian Davidson

History is fun. Discuss . . .

F. W. MAITLAND
by G. R. Elton. Weidenfeld & Nicolson £12.95. 118 pages

F. W. MAITLAND is regarded *as the patron saint* of modern historians, especially by academics, but is hardly known —let *alone* read by—the public at large. What is the explanation of this paradox?

G. M. Trevelyan used to say of Namier, by whom academics 30 years ago would swear, that he was a great historical historian. He meant that Namier was not one of those who think of history as part of literature, as a form of art, like Gibbon or Macaulay, Thucydides or Tacitus.

But Maitland is of their *artistic company. He was also* a genius at historical discovery, at opening up new avenues of *historical investigation*, exploring and charting mountains of mediaeval historical records. At the same time no historian has had more sense of life, more *humour* and gaiety, *or* got more fun out of it.

Professor Elton explains the paradox very well *in this essay* which *is* enjoyable to read. Maitland was a specialist who deliberately restricted his scope to the study of mediaeval law:

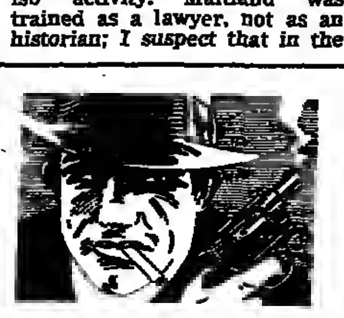
The history he wrote [says Prof. Elton] concerned itself with highly technical issues, and used materials and terms of art that are not accessible to the general reader.

In his chosen field, and more widely in *our* views of the Middle Ages, Maitland's *influence* has been *prodigious*.

He himself must have been a prodigy to have achieved all that he did *in* 20 years of feverish activity. Maitland was trained as a lawyer, not as an *historian; I suspect* that *in* the seven years when he was "idle" at the Bar, he just read and read; when he came to write he did so with astonishing speed and *vitality, striking sparks in* dark lands of Domesday Book, Roman Canon Law and so on, not everyone's favourite territory.

Professor Elton finds Maitland's passion for Blake "incomprehensible" and another Gibbon or Macaulay "not specially desirable." This denotes an inadequate appreciation of history as an art. The trouble with history that merely goes in for analysis and generalisation is that these are soon superseded; and this lively little volume shows how much of Maitland's wonderful work of discovery is now out-dated; whereas art, even the historian's art, is never superseded.

A. L. Rowse



CRIME

THE PLAIN OLD MAN
by Charlotte MacLeod. Collins. *£7.50. 197 pages.*

SOMEDAY THE RABBI WILL LEAVE
by Harry Kemelman. Hutchinson. *£8.95.* 264 pages.

IN THE LATEST Sarah Kelling story, a group of more-or-less proper Bostonians is preparing a benefit amateur performance of *The Sorcerer*. Needless to say, Sarah—who is helping with the sets and make-up—has known most of these Yankee Savoyards since her childhood. And when dire things begin to happen, she is deeply distressed. The cast—of *The Sorcerer* and of this novel—is large, and since the author refers to her characters sometimes by their "real" name and sometimes by the G&S identity, confusion ensues. *But*, as always, the tale is told with such amiable irony and humanity that occasional bewilderment is a small price to pay for the fun.

Twenty-one years ago Harry Kemelman published the first of *his* Rabbi *David* Small novels: *Friday the Rabbi Slept Late*. It was a great success, and other novels followed, a series that, given the limited number of weekdays, seemed destined to stop after the seventh book. In fact, since 1978, the Rabbi has been silent. Now, in *Someday The Rabbi Will Leave*, he reappears, anti-conventional as ever, an appealing mixture of severity and compassion, as he deals with the elaborate politics of the temple's administrators and with a murder stemming from politics in a broader sense. Some Jewish readers may jib at the explanations of doctrine and tradition, but even they—like *the goyim*—will enjoy the neatly devised story, its varied cast, and its effective solution.

William Weaver

London Contemporary Dance Theatre

Stepping backwards

It is not quite 20 years since Robin Howard, by turns Maecenas and administrator, made possible the creation of London Contemporary Dance Theatre and its school. Long a balletomane, Howard fell under the spell of Martha Graham when she first visited London with her company in 1954, to little public interest. Admiration took the practical form of financial support for subsequent Graham visits as well as for seasons by other major American troupes and a new audience began to comprehend a new dance. Today when, despite some peripheral monstroaities, sound contemporary dance flourishes in Britain as nowhere else in Europe, we recognise that it was Robin Howard's faith and energy which has done much to establish an indigenous art of great value and great popularity.

Now, like other arts enterprises fallen victim to government stringencies and the quest for alternative funding, Howard's organisation standa imperilled. At a Royal Gala on Thursday night at Covent Garden, with Makarova and Zizi Jeanmaire joining Alvin Ailey's Dance Company, the New York City Breakers and LCDT's own dancers, Howard ie bidding for support, for understanding, and for sponsorsbip essential to guarantee LCDT's future. It is ironic that, after two decades, a man whose private generosity was the bedrock for the creation of an outstanding national achievement should be ont with the begging bowl.

Talking about the inception of the Contemporary Dance Trust, Howard observes that "the last thing I intended to do was to etart an organisation. I thought the dance ecene in thie country was getting stuffy and needed an injection of something new."

Martha Graham sent one of her most valued dancers, Robert Coban, to work in London for an initial six months. He stayed on, providing the artistic momentum for LCDT'e success, guiding and inspiring the company as teacher, choreographer, artistic director. And It is the graduates from the school and company who have written much of the brave history of contemporary dance in Britain since then.

But it is the threat of decline from LCDT's own fine standards of experimentation and creativity that Robin Howard now sees as a most serious crisis, relating inevitably to financial problems.

"Because we are supposed to be a creative organisation, I dare to voice my disappointment with the company today. We have always produced a great deal of good new work, and we are now hindcred ln doing that by external circumstance rather than any glaring fault of our own.

"The problem is two-fold. First, had we more money, we could allow the talent in our organisation to make the greater contribution it could give to the dance theatre in Britain and to our own company. Second, the traditional way in which touring has developed within the Arts Council's strategy inhibits creativity — we have to spend ao much of our year on the road that we have neither the time nor the breathing space to produce the new work which is one of our chief claims to importance.

"Without this creativity I do not believe we are justified in existing. If we fall into the same pattern as ballet companies, touring an established and eafe traditional repertory, we deserve to die. There is no long-standing repertory which it is our task to abow to the regions. We exist simply to produce new and, we hope, valid work, with occasional outstanding pieces from elsewhere by which we may judge our attainment and the public may aesesa our capabilities on a broader scale.

"We cannot do this now. Where previously we bad time and money te mount eight or more ereations in a year, we now concentrate on four. Our four resident choreographers, headed by Robert Cohan and Siobban Davies, should be making more new pleces. We cannot give Bob Coban, whose immense abilities made the company and school, the breathing space his gifts merit. Choreographers in other companies can have months in which to prepare a new work; Bob has half a day for six weeks, if be ls lucky, during wbich time be is also teaching, attending committee meetings, advising all and sundry who make demands upon his time. We cannot give him the life that is essential if be is to remain tbe choreographer be hae proved be truly is under easier circumstances.

"The tensions which result from financial stringencies and unyielding arts policies are reflected in the way our company is obliged to work. Boh Cohan has built a magnificent instrument, in company and school, which our choreograpbers are unable al present to use to the full. We need an extra £250,000 each year, in addition to our grants of £500,000 and our box office receipts, to allow us to relieve pressure and realise what should be our potential. Wben Bob Cohan and I started, we sought to ensure equal empbasls upon the quality of what we produced, and on the way ln which we produced it. Througb lack of funds we may lose something of both these qualities.

"I want our scbool and company, and our Place Tbeatre, to remain a beacon for ways of dancing and ways of ereating dances. Yet we effectively face worse and worse cuts in our government grants. Nearly everyone in our organisation, as in many other state-funded groups, has been underpaid for yeare. We are figbting to find the money that the Government says is waiting for us in the Industrial and private sectors. Tbough I bave great respect for Lord Gowrle's goodwill and artistlc eensibility, and though be bas been kind enougb to help us as much as be can, I belleve that he and the Government and the Arts Council are making fundamental mistakes.

"There is not the money available in the private sector in Britain that is needed for all the arts. We are not as rich a nation as the U.S. or West Germany; which are the two chief examples given us. We do not have a tax structure which will allow individuals to give us money as they do in Amerlca. Although Industry's profitability is improving in Britain it still does not match that in America. More especislly, we have a different eocial attitude to the arts from that in America, and there ls the added fact that, if we expect the arts to receive money from commerclal sources, it wlll be the great national aod royal institutions which attract the llon's share of funding. The recent benefaction of £50m to the National Gallery is a miracle. It would be an even greater miracle were some smaller gallery, doing important work in a new way, to attract even one-bundreth part of that sum.

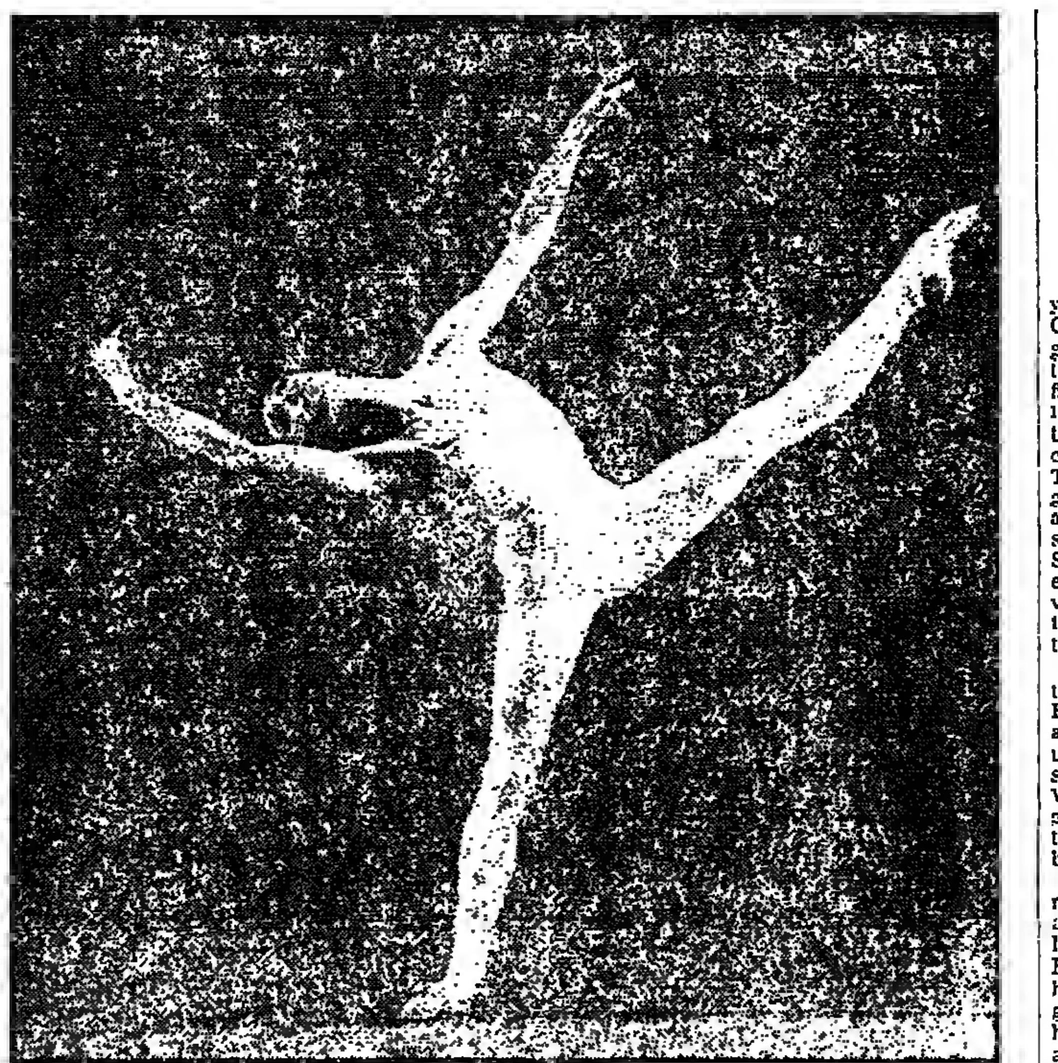
"The same is true of the performing arts. LCDT is now a national company aod, as research shows, attracts a large and often affluent audience who readily respond to our more adventurous works. Furthermore, it is the backers of successful creations who will be remembered and acclalmed. Yet industry often seems happier to support something safer and more obviously acceptable, like a new production of a standard classic at a long-established national or royal house.

"We have, in a sense, already attained the status of an establishment organisation, but we exist to hridge a gap between the establishment and a publlc which does not fit into that category. We are risk-takers. If we play safe we are untrue to ourselves. We now do not hare sufficient funds to venture into the unkown, which is what we should do aod bave done so well in the past. A short-term eolution to our problem is to play safe. If we do so, we shall dle. And deserve to die, hecause people will eventually become bored.

"Above all, we shall die hecause we only exist through the commitment ol underpaid artists, tecbnicians and administrators, and the time will come when morale will decllne because of thls fact. Wlthout wisbing to seem too personal, I would also make the polnt that I, like many other people in organisatlons sueb as ours, bave been forced lnto an unsatisfactory and lnefficient way of workiog. Whilst administratlon and fund-raislng are very important asoects of duties, no less lmportant is the need for me to help encourage aod motivate our creative team. Yet deskwork and fuod-raising of a kind I cannot delegate are steadily increasing at the expense of the rest. My loyalties are to the Contemporary Dance Trust and everyone in it, people who bare trusted Bob Cohan and me, and in a very real sense have put their lives io our hands.

"I do not want to give the impression we *shall* succumb. We are well into a development —oot just a survival—plan. In May, Murray Perahia most kindly gave us a wonderful fund-raising concert. Our gala on Thursday will make more money, and our support through fund-raising rises as business understands the exceptional commercial opportunities we offer. But let nobody be deceired. What compaoies like ourselves are fighting for ls survival. We shall always do our best, aod strive for the best. We bope that this wlll earn us the support of everyone concerned with the quality of life and art in thls couotry."

Clement Crisp



The school and the company have written the brave history of dance in Britain

Saleroom

Gold fonts and silver spoons

When the time came for young William Henry Cavendish Cavendish-Scott Bentinck, grandson of the Duke of Portland, to be christeoed in the final years of the 18th century, there was no question of tripping down to the nearest churcb and using the local font. The Dukes of Portland were the grandest of the grand and only a font made by the leading silversmith of the day, Paul Storr, would do. And just to ensure ultimate swank the font was ordered in gold: not even the Royal family could match that.

This object, quite unique and the most important work of British gold to appear at auction for many years, turns up at Christie's on Thursday, sold by Lady Anne Bentinck. What it will fetch is anyone's guess with estimates spiralling to £1m: half that figure might be a more realistic forecast.

Much depends on the Gulf oil millionaire Mohammed Mahdi al Tajir. Bidding through the London dealers Armitage and Koopman he is believed to have been the major buyer of the grandiose items of silver which have heen fetching high prices at auction in the past couple of years.

The font overwhelms what is another good silver sale at Christie's. This ls a market wfiich is susceptible to traumas, with prices tumbling down from booms in 1969 and 10 years later. For the past three years it has been slowly dusting itself down again, and prices for exceptional items, by well regarded makers, and of distinctive design, are firm. There are sales oext week at all the major London salerooms, with prices ranging from an estimated £100,000 at Christie's for four William IV wine coolers by Storr to less than £100 for a pair of Victorian salt cellars at Bonhams.

Silver auctions have always been dominated by dealers and they are expected to be heavy purchasers next week after a successful clear out of stock during a busy spring and early summer. The salerooms would like to see more private buyers: ll surprises them to sell an item to a dealer for £20,000 and to see it a week later at say, the Grosvenor House Antiques Fair, with a £30,000 price tag.

As usual Christie's ls selling many items with an excellenr pedigree, especially silver acquired from the leading makers of his day — the late 18th century — hy the Earl of Coventry. A set of four candlesticks made for the Earl by Edward Wakelin are highly regarded, and should sell for £12,000. Surprisingly, candlesticks are much in demand at the moment. Bonhams has expectations of up to £15,000 for a simple pair of 1732: their great attraction is that they were made in the workshop of Paul de Lamerie — his mark, along with that of Storr and perhaps Rundell, can add at least a third to the value of an item.

A 20th century name who boosts the price is Omar Ramsden. Christie's has a casket made hy him in 1921 with a £3,500 top estimate, and Bonhams also has a small signed plate, while at Sotheby's four 1837 Victorian dessert stands by Rundell, Bridge and Co, once the property of the Lonsdale family, have an £8,000 top estimate.

The appeal of silver is its range and practicability. You can still buy antique silver at auction at lower prices than modern pieces in department stores, and the saving is even greater with items made of Sheffield plate. While canteens of cutlery and flatware are in demand at the moment at auction, teapots, by their very multitude, can be acquired cheaply.

Silver is a market where buyers should use and enjoy their possessions, especially as in the middle range of price—between £2,000 and £10,000—the chances of substantial appreciation in short term value are limited. At Sotheby's in May there were two lots that it had previously auctioned in 1973—one sold for £3,950, an actual £50 drop on 12 years ago, while the other gained just £350, at £2,850.

The currently low price of silver, the metal, adds a stability to the silver passing through the saleroom—little of it these days is melted down. Apart from the popular names, the greatest appreciation recently has been shown in Victorian silver: local taste is following the Arab and American lead in enjoying elaborate, almost ostentatious, items. Continental silver still looks under-priced hut really the raoge on offer is so great that anyone with an interest can find his or her own field for collection and at any price level.

Antony Thorncroft

Records

How the disc can lend a clarity to history

ONE OF the more persistent and misleading myths surrounding compact discs is that recordings need to be digital originals to get the most out of the new system. In reality the benefits of CD extend much more widely and some of the most rewarding and revealing discs bave presented much older material which reveal fine detail obscured in earlier incarnations.

Von Karajan's performances of the last four Sibelius symphonies from the 1960s are already regarded as classics; now Deutsche Grammophon has recoupled and transferred them to two CDs (Sympbonies 4 & 6 415 108-2; Symphonies 5 & 7, 415 107-2), and in every respect they stand comparison with the most recent accounts. There is some residual tape hiss which is noticeable only at the very beginning of each symphony; perhaps the sound is a little lean and cool by contemporary standards of sumptuousness. But the whole impression is of clear-sighted, unified productions, with the refinement of the Berlin Philharmonic nicely mirrored in the limpid textures.

The same conductor and orchestra recorded Sibelius in the 1970s for EMI, along grander, more rhetorical lines. But nothing in those performances is as effective as the rapt unfolding here of the Sixth Sympbony, each movement a perfectly weighted portion of the whole, the superbly sustained growth of the Fifth, or the bleak, muted colours of the first movement of the Fourth. Karajan's view of the Seventh ls less convincing; other conductors have made it seem more organically sympbonic and less concerned with passing detail. Overall, bowever, as a collection of Sibelius's finest symphonies it still cannot be bettered.

Furtwängler's Beethoven 9 recorded at the reopening of the Bayreuth Festspielhaus in 1951 is two generations older still in technological terms, but a historical document in its own right. It is difficult to separate the circumstances of the performance from its objective excellence; perhaps the fairest measure of its quality is to hear it on compact disc (EMI CDC 7 47081 2) and not trouble one bit over the restricted mono sound, the sometimes indistinct bass and over-bright treble. Furtwängler's uncompromisingly dramatic vision (not too emotive a word) overrides everything, holding concentration througb many expansive paragraphs, building fierce climaxes with irresistible accelerations and crescendos.

The quartet of soloists — Schwarzkopf, Hongen, Hopf, Edelmann—is variable, though galvanised by Furtwängler in the final pages, and makes interesting comparisons with the group assembled for an earlier Ninth Symphony under the same conductor recorded at the Queen's Hall ln 1937 and now released for the first time (EMI ED 27 0123 1: LP only). Here the historical importance — as a document of a great orchestra at the height of its glory—is wbat matters; the recording quality ls barely acceptable, and some passages disappear almost completely. But some very fine singing can be perceived through the mush from Erna Berger, Gertrude Pitzinger, Walter Ludwig aod Rudolf Watzke, and there ls a genuine sense of occasioo despite everything.

Slowly but surely the gaps in the CD catalogue are being filled, especially in the symphonic repertory. Bruckner's Eighth Symphony conducted by Giulini (Deutsche Grammophon 415 124-2, two CDs) is a valuable addition, finely played by the Vienna Pbilharmonic. I am not totally won over to Giulini's warmly rounded view of Bruckner, which tends to reduce contrasts and moulds the great paragraphs into more of a continuum, denying them a degree of spaciousness.

Aloogside that of a conductor like Von Karajan or Haitink, Glulini's Bruckner seems distinctly underwbelming. He begins the *Adagio* most memorably, uslng the depth and smoothness of the Vienna strings to maximum effect, but he fails to provide the movement with a clinching climax, or to follow it with a treatment of the Finale that provides genuine catharsis. It may be a humane presentation of Bruckner's most uncompromising symphony but it is by no means the whole story.

The latest instalment of Bernard Haitink's Shostakovich cycle pairs two symphonies, that, on compact disc at least, do not need to be. The Sixth and Eleventh have appeared in this format before, in an EMI two-record set conducted by Berglund, but here each symphony ls contained on a single CD and with a fill-up (the Overture on Russian and Kirghiz Folk Themes Op 115) the Sixth would have made perfectly good value (Decca 411 939-2, two CDs).

Previous releases in this series, notably of the Fourth and Eighth, have been important in establishing firmly in the repertory symphonies that were at one time taken to be less than successful: in this case Berglund has already done the job for the Eleventh, demonstrating that it is the one genuinely effective example of a sympbony which adheres closely to the tenets of socialist realism. It hears the subtitle "The Year 1905," and portrays in four expansive movements the events surrounding the massacre of workmen in the square of the Winter Palace in St Petersburg. Without knowledge of that programme it would remain a taut, involving musical argument. I am not sure Haitink manages to realise it completely, well though the Concertgebouw plays in both works. One comes away with the feeling of having undervalued Berglund's account in the past, rather than celebrating the vividness of its successor.

Andrew Clements

Museums

Treasured finds brought to light

PEOPLE in Britain go to museums in buses but in the Soviet Union buses bring museums to the people, thanks to the rapidly advancing application of holography. Now, we can view the shape of museums to come in *Treasures of the USSR* at the Trocadero, Piccadilly, until September 30.

Two hundred of the most valuable and fragile objects from the Hermitage and the Museum of the Historic Treasures of the Ukraine are represented in the largest holographic exhibition yet held in Britain. The most spectacular are the finds from the Black Sea area of gold, statuary and vases of the 5th to 2nd centuries BC. Here, Greeks rubbed shoulders with the Scythian nomads, barbaric horsemen whose company Ovid so lamented. Yet, as their wonderful gold shows, they also loved the Homeric gods and heroes.

Objects as precious as the Scythian pectoral, found as recently as 1971, would never be allowed out of the Soviet Union, we are told. This shows the value of holograms let us swop Sutton Hoo for the Scyths, English silverware for Cossack arms, crown jewels of one past empire for another. International understanding would flourish and no one would be the poorer.

Aesthetically, the originals would be preferable, since holograms do not yet deal adequately with colour: an amber light suffuses everything. Since 1978, however, Soviet physicists and museologists have been working to improve and extend techniques and the technical data is here on display for the scientifically minded visitor. Two-sided holograms can show an object — for example, a coin — with both faces on one plate, and pseudoscopic images can be reconstructed so that, from a poorly preserved mould, an image can be obtained of the article it would have produced.

Holographic museum cataloging proceeds apace in the Ukraine, using micro-holograms to store records of thousands of objects on a mere 100 plates. Holographic interferometry detects inner flaws and studies environmental effects to help in the conservation battle. Disputed seals or handwriting can be identified using optical methods of information processing. Holography may be still in its infancy, but it has outlived its cradle image of frivolous gimmickry.

Treasures of the USSR is the idea of Peter Woodd, managing director of the British company Light Fantastic, who negotiated for two years with the USSR Academy of Sciences. Part of the package was the arrival of a team of Soviet experts (in the flesh, no less), who will be talking to British physicists round the country. Also deserving of praise is the design company, Golding Nunn and Stock Ltd, which created a discreetly exciting setting for this unusual and interesting exhibition.

Patricia Morison

Radio

A fitting farewell to a perfect gentleman

In the slots that should have held the first of the new season's *Desert Island Discs*, we heard a graceful farewell to its onlie begetter, Roy Plomley. Devised and presented by John Mortimer, and aptly called *A Perfect Gentleman*, it included some of Mr Plomley's own favourite discs and the voices of himself and some of his castaways. The series must never be revived with a different presenter.

With under a week's notice, the Colour Supplement arrived to annexe Radio 4's Sunday morning between The Archers and the weather forecast.

Tim Pigott-Smith recalled the salient events of 1974, his favourite year. Nigel Farrell reported the exhausting goings-on at the Morpeth Hunt Ball, where the guests behaved as naturally as if there were no microphones in sight. We peered into Bill Tidy's kitchen, where what sounded like a decent lunch was being cooked. There was an interesting discussion about twins with an American professor (not a word about Mengele, whose speciality they were). A former railway signalman paid a nostalgic visit to the signal-box be worked in as a boy. Margo MacDonald was a sturdy Scottish hostess. In a sense it was a characteristic British Sunday morning activity, that called for no attention and might be forgotten by the end of the day.

Thursday's look at *The Quality of Cabinet Government* on Radio 3 had a bit more to say than last week's. Sir Frank Cooper, once Permanent Secretary at the Northern Ireland Office and at the Ministry of Defence, spoke of the pattern of government rather than the manners of Ministers.

When Saturday Night Theatre, Nan Woodhouse's *Mind How You Go* (about an unhappy girl in a bad Old People's Home), and the Monday Play, Mike Walker's *For The Common Good* (a documentary about the deceptive homeless), were so dispiriting, Anouilh's *Léocadia* on Radio 3 on Sunday was a ray of sunshine. It is a typical Anouilh romance, a pace outside probability. When Prince Albert's three-day affair with the singer *Léocadio* ends with her accidental death, he builds copies of the places they visited together and engages their staffs as his own. To wean him from this neurosis, his aunt the Duchess takes on Amanda, a young milliner, hoping she will lead him back from illusion to reality. And, after the inevitable troubles, so she does—for three days. Elegantly done under David Johnston's direction, with Fabia Drake patrician but idiotic as the Duchess, Martin Jarvis as the Prince and Janet Maw, sensible but not common enough, as Amanda. The translator, Timberlake Wertenbaker, believes that French peasants play darts.

The Living World on Sunday told us of the Badger Lady, who watches badgers so patiently that they become as tame as cats. She was even able to treat the wounded paw of a cub while the sow looked on. She reports badger life with clarity and precision. She also watches men who dig badgers out of their setts, or hypnotise them with bright lamps and catch them in nets. The diggers and lampers resent her interference to the extent of knocking her out or trying to run over her with a car. "As long as I'm physically able to go out there," said the splendid lady, "I shall."

John Keay was cheating when he included Louis de Rougemont in his *Explorers Extraordinary*, for de Rougemont was no more an explorer than I am. But he sold the Wide World Magazine a marvellous fantasy of adventure in Australia, and they published it all.

There were desert-island resources that would have made Robinson Crusoe look an amateur, cannibal natives, hunting for dugongs, an aboriginal chief with two English teenage wives, whom he dressed in shifts made from cockatoo-skins. In the end de Rougemont was exposed by the Daily Chronicle as Henri (Henry?) Grin (Green?) and he was last reported selling matches in Shaftesbury Avenue. You would think the Wide World would have looked after him.

B. A. Young

Auction

A prize pair

A pair of paintings of Venetian scenes by Canaletto, which had previously only been known from engravings, sold for £388,800 and £345,600 respectively at Christie's yesterday to an American dealer. They had been acquired overseas earlier this year for just £2,200 for the two.

They were the highlight of an Old Masters auction which totalled £2,932,200, with a reasonable 24 per cent bought in. A portrait of a gentleman by Moroni, dated 1565, doubled its top estimate at £345,600 and a coastal scene with fishermen by Jan Brueghel the Elder also did well at £239,200.

Lady Abdy, the London dealer, acquired a pair of oval paintings by Vernet of Day and Night for £259,200 while a wooded landscape by Brueghel made £237,600. The main casualty was a Bellini Madonna and Child, unsold at £180,000.

Sotheby's also had a major disappointment, or rather the Countess Spencer did. A Louis XV commode, with the stamp of Criard and the date, 1754, failed to find a buyer, and was bought in at £85,000, well below the £200,000 forecast. The other major lot, a Louis XVI gilt bronze mounted mahogany commode bearing the stamp of Riesner and probably made for the use of the King himself, was also unsold, at £120,000.

However a side-cabinet by Riesner found a buyer at £132,000 and a set of 10 Louis XVI armchairs, stamped G. Jacob, doubled their estimate at £77,000 in an auction of French furniture which totalled £1,013,936.

Sotheby's had greater success with a private collection of 19th century bronzes. All 39 lots sold —for £170,885. Christie Fine Art paid £23,100 for a pair of Turkish horses by Barye; £15,400 for another similar one hy the same artist; and £9,020 for a Tartar warrior by Barye.

Antony Thorncroft

LEGAL NOTICES

No. 004138 of 1985
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
HENRY ANSBACHER HOLDINGS PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that a Petition was on the 17th day of June 1985 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of (a) the capital of the above-named Company from £19,807,951.83 to £1,500,000 and (b) the Share Premium Account of the said Company from £12,327,590 to £18,002.10.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Mervyn Davies at the Royal Courts of Justice, Strand, London, on Monday the 15th day of July, 1985.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital and Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 6th day of July, 1985
LINKLATERS & PAINES (OHC),
Barrington House,
59-67 Gresham Street,
London EC2V 7JA
Solicitors for the said Company.

Private view

How long a time lies in one little word

APART FROM religion, there is probably nothing non-material we care about so much as words. *Sticks and stones* may break our bones, but misused words can throw us into tantrums.

An intelligent, non-tantrum-throwing reader, in a letter to the editor last week, upbraided this writer for using the word "lens" as a verb in a film column (as in the "the film was lensed by" So-and-so). "Are we to assume," he cried, "that were your columnist to eyeball a good film or ear its spectacular soundtrack, he would voice about it afterwards?" And he continued: "Artistic licence is only to be expected on your Arts Page — but you have given place to verbal anarchy."

This raises intriguing questions about language. Where does licence end and anarchy begin? Should we encourage or should we deter new words and new usages? *Many people* still have the voice of the schoolmaster ringing in their ears: "Don't use that word, boy; you won't find it in the dictionary!"

But of course some new words and usages *have* to be invented from time to time to fit new objects or ideas. When micro-chips land on the doormat of history, someone has to come up with the word "micro-chip" (or something just as serviceable). When young people wear porcupine haircuts and safety pins in their ears, it is helpful to have a group term for the trend and call it "punk."

Controversy begins with those coinages that do not fulfil a clearly visible purpose, as sign-posts for new objects or concepts. And this is where schoolmasters and letter-writers usually pounce. I once taught English at a grammar school in the wilds of Surrey and I pounced on many a ghastly lexical novelty myself: which was usually the result of a misspelled original, a Malapropism or a football field colloquialism hideously imported into an essay on Keats.

There are also — and so there should be — waste-paper baskets today for the more horrible neologisms used by grown-ups. Private Eye has done us great service by anathematizing such horrors as "ongoing" and, in its glibber usages, "interface." My own pet hate is "simplistic." This should properly be used only of Mediaeval herbalists (see Oxford English Dictionary, p. 1897) and has become an unattractive and redundant synonym for "oversimplified."

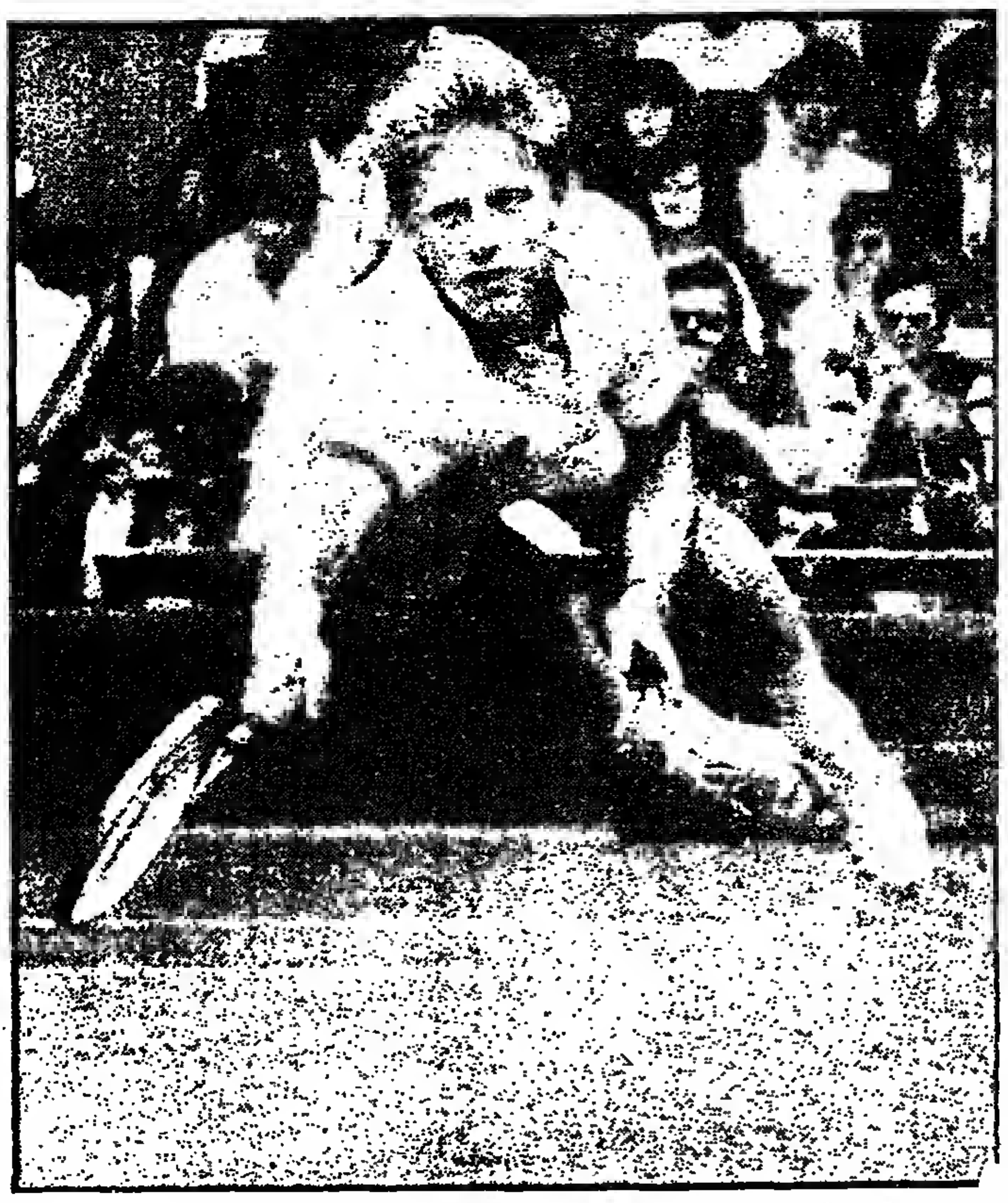
But there are also verbal coinages that have indisputably refreshed the language. Only 120 years ago, for instance, no one in Britain was able to "chortle." It took Lewis Carroll, strewing nonsense words through his *Jabberwocky* to cast this word fortuitously on *fertile* ground and see it grow into a proud flower in the OED. Now we can all chortle and we feel much better for it. (And we know, almost by the sound alone, exactly what type of laughter the word signifies).

I would defend my controversial "lens" on two grounds. Firstly, it is not an overnight neologism but has been accepted parlance in some film magazines for several years. (*Variety* that munificent word-spinner, first coined it). Secondly, a verb taken from a noun, a verb that can be "seen" as a concrete image, is often more vivid than a verb that merely, abstractly denotes an action. It *is* sometimes more entertaining, for a reader should sit up, even if initially in outrage, at the idea of a film being "lensed" than to nod unexcitedly over the idea of a film being shot or photographed.

And 400 years ago — to hoist one last example from history — Hamlet told the King's guards how to find the dead body of Polonius: "You shall nose him as you go upstairs into the lobby." "Nose," forsooth! The word had never or rarely been used as a verb before. Yet think how much duller the line would be if "nose" were replaced by the more conventional and legitimate "smell."

To this my correspondent might retort: "We are talking about Shakespeare. The Financial Times film critic is not Shakespeare." To which the Financial Times film critic would reply: "Yes, but once Shakespeare was not 'Shakespeare.'" Every verbal coinage should be judged on its own merits. Freedom should not be a privilege merely for hindsight geniuses; nor should genius ever be an excuse for anarchy.

Nigel Andrews



Trevor Humphries

Boris Becker: magnificent attack

Sport

Not just anyone for tennis

THE OUTSTANDING features of the 99th championship meeting at Wimbledon have been the continuing dominance of Martina Navratilova and Chris Evert-Lloyd, the eclipse of John McEnroe and Ivan Lendl, the consolidation of skills we had already recognised and the emergence of some remarkably talented young players of both sexes.

To dismiss in one paragraph the achievements of Miss Navratilova and Mrs Lloyd (the first joint top-seeds in the tournament's history) might seem churlish. But these two are so far ahead of the rest of the field that their 66th meeting today (Miss Navratilova is ahead 33-32) will simply decide which is temporarily in the ascendant.

I believe Mrs Lloyd might just do it. Never have I seen her so determined or so confident and relaxed—largely as a result of *her courageous victory against* Martina in Paris last month. But Martina, though looking less confident than usual, has always risen to the occasion.

Of all the achievements at Wimbledon '85 that of the 17-year-old German Boris Becker must surely be the greatest. The first semi-finalist from his country since Wilhelm Bungert in 1967, Becker has matured with amazing speed. I remember noting his potential last year in the semi-final of the French junior event where he lost a magnificent match to the left-handed Australian Mark Kratzman who went on to win the Wimbledon and U.S. Open junior titles to become the ITF's World Junior Champion. When you consider that Kratzman lost in the second round of Wimbledon's qualifying competition it puts Becker's achievements into perspective.

He is the best 17-year-old server I have ever seen, a magnificent attacking volleyer and a fearless hitter from the back of the court with an instinctive use of spin that makes him so difficult to volley against. Apart from these technical attributes there are physical and mental characteristics of unusual quality. Intensely competitive, he seems able to channel his aggression into his strokes which is just as well for he has filled out into a strapping lad who stands 6ft 1½in and weighs 12st 5lbs. To have kept his head so coolly while winning five set matches against the two seeds Joakim Nystrom (7) and Tim Mayotte (16) and then to have bounced back to beat Henri Leconte the following day in four sets speaks volumes for his sheer strength—an important ingredient which helped an unseeded player like Kurt Nielsen to reach two finals at Wimbledon in the 1950s.

Amongst the youngsters, Sweden's 19-year-old Stefan Edberg was unlucky to run into Kevin Curren when the former South African was serving at his best. Against anyone else Edberg's classically orthodox game might have prevailed. He will come again.

Kathy Rinaldi, the youngest-ever winner of a match at Wimbledon in 1981 when she was 14 years, three months old, has made tremendous strides. Her quarter final win against the tall Czech Helena Sukova demonstrated the value of punishingly consistent ground strokes. This win was consolation for a defeat in the Virginia Slims finals last March and shows that her coach Andy Brandi had learned the lessons for there was less frailty on the forehand and greater pace on the backhand. If she ever learns to volley, this young lady, already ranked 15 in the world, could threaten the leaders.

Zena Garrison, the junior winner at Wimbledon in 1981 has also progressed. She is much less brittle and more resourceful now as she showed in pushing Martina all the way in the first set of *their semi-final*. How wonderful that this 21-year-old product of John Wilkerson's public parks programme in Houston Texas should continue to improve.

That an unknown 19-year-old former U.S. junior Wightman Cup player, Molly van Nostrand should have beaten the world's number four Manuela Maleeva, herself only 18, to reach the quarter finals demonstrates the opportunities open to the next generation.

It is the appeal of these newcomers that has been partly responsible for the record attendances this year—despite the *wretched* weather of the first week. After all the excitement of seeing hallowed reputations brought to ruins by the irresistible surge of youth I fancy most of them will return next year.

John Barrett

A Roundhead tests a Cavalier at Lord's

JUST AS the football manager who had been a rough and ready player in his day wants a constructive artist like Glen Hoddle in his team, so nobody in cricket can appreciate the value of a cavalier more than can a Roundhead. That is why I have always admired Ian Botham as a cricketer. In addition, having had the good fortune to spend a decade as an all-rounder in the England XI, I appreciate his value and understand his problems better than most.

Although certain circumstantials have changed, such as improved fielding, covered pitches, helmets and limited-overs cricket, the fundamentals remain the same—good batsmen score runs, good bowlers take wickets and the all-rounder does both.

What made Ian Botham so special in the Lord's Test last week was that he showed himself to be England's most menacing and fastest bowler, and also England's most menacing batsman. He was very different from the cricketer I had watched in Australia three years ago, when as a bowler his pace was no more than medium fast and his ability to make the ball leave the bat had gone. He was also not scoring many runs.

In that winter when we lost the Ashes it seemed certain that we would never again see the brilliant Botham who had beaten the last Australian touring team virtually on his own. His performances with both bat and ball were straight out of the *Boys' Own Paper*.

Quite clearly Botham has benefited from a winter away from cricket. He is now back to his exciting best.

During this Test he became England's record wicket taker in Test cricket, overtaking Bob Willis. (What should be borne in mind with the number of Tests being played over a short period of time plus the weakness of some teams during the World Series era, a batsman must obviously score more runs and bowlers take more wickets than ever before.) What is really remarkable about Botham's all-round performance is the number of times he has taken five wickets in an innings. Furthermore, England have seldom won a Test in the past 10 years without a sizeable contribution from him with either bat or ball, frequently both.

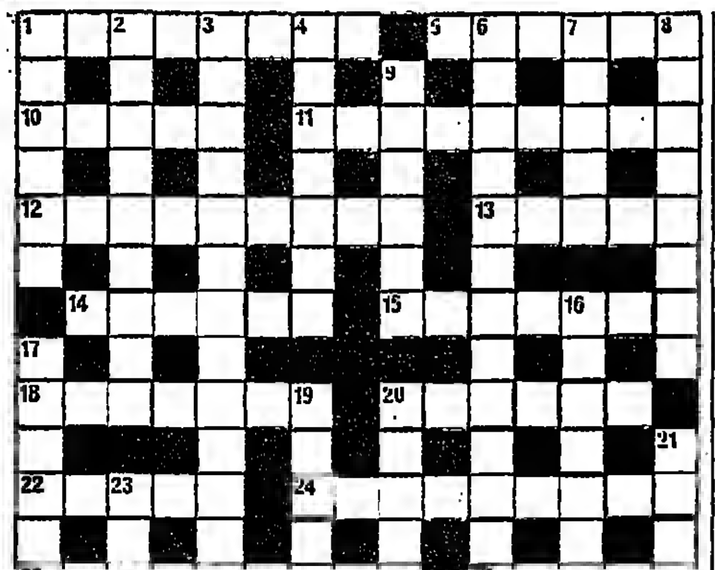
There are occasions when Botham has been condemned for an over-ambitious stroke, which looks bad when it fails but is applauded when it produces a boundary. If he were to cut out extravagant shots, he would not only play fewer match-winning innings, but he would be less exciting and probably score no more runs. If he experimented less as a bowler he might be less expensive, but his haul of wickets would be reduced, and wickets—not maidens—win Tests.

I like Botham the way he is. At Lord's he looked the best Test all-rounder England has ever had, though he certainly is not the finest county all-rounder, because he is not always firing on all cylinders for Somerset and he does require the extra incentive of the big occasion.

With one exception, I am inclined to rate Botham ahead of the overseas all-rounders, the exception being Gary Sobers. Sobers was a genuine world-class batsman and for some time the finest. He was also good enough to be picked for the West Indies as a bowler in three different capacities—seamer, *wrist spinner* and orthodox slow left-arm, a virtuosity which even Botham cannot approach.

In addition to Botham's prowess with bat and ball, he is a natural competitor who has brought to cricket a gaiety and excitement which tend to be in short supply. He is not only a cricketer but also an entertainer with a real presence. Perhaps even more important, he still clearly enjoys the game, and it shows.

Trevor Bailey



F.T. CROSSWORD PUZZLE No. 5,762

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

1 In the Americas, an ovation for a great lover (8)
5 Position of a saint with a model (American) (6)
10 The old Bill, or Force, to be Precise (5)
11 Rugby Union in county, thanks in wallpaper (9)
12 Confusion is umpired by Soviet body (9)
13 Get pyramids starting off here (5)
14 Spec? Look astonished (6)
15 Presiding member who may be loud (7)
18 Marsh comes back through entrance, finished (4, 3)
20 Where they serve drinks in heaven with little body (6)
22 It opens with a student at church (5)
24 Contrives a geometrical instrument (9)
25 3-D run for noisy god? (9)
26 Pound one-sixteenth of sea air? (5)
27 Put one's name down again and go (6)
28 Dad's wrecked tanker, having had a drop? (8)
19 Best diary so far? (6)
20 Sex appeal gets girl in place of good man (7)
21 Back like a bird (6)
23 Support for hay or tomatoes (5)

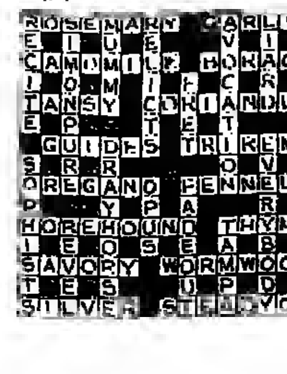
DOWN

1 Revolutionary works made a pyramid (6)
2 A bed for the night could ruffle feathers (5-4)
3 See 7
4 Foxy sort of love up on tree (7)
6 Jerome's hero in abatement, maybe . . . (5, 3, 2, 1, 4)
7, 3 . . . not to mention their friend (2, 3, 7, 2, 3, 3)
8 Untidy person, the second of two between poles (8)
9 Hatred in a man I must deplore (6)
16 Trogs around in bend with frogs for subjects (4, 5)
17 No true believer? Yes, but not yet? (8)

Solution to Puzzle No. 5,761

SOLUTION AND WINNERS OF PUZZLE NO. 5,756

Mrs J. Jarvis, "Sherwood," Marholm Road, Ufford, Lincs.
Mr T. Wheatcroft, 27 Sloane Court West, London SW3.
Mr T. A. McDougall, 140 Allerton Road, Bradford, West Yorkshire.
Mr M. H. Miller, 1 Maltings Close, Cranfield, Bedford.
Mr T. H. A. Doggett, 18 Gurdon Road, Grundisburgh, Woodbridge, Suffolk.



TELEVISION AND RADIO

SATURDAY

† Indicates programmes in black and white

BBC 1

8.30 am The Saturday Picture Show. 10.40 "Hansel and Gretel." 11.50 Film: Abbot and Costello Meet Captain Kidd." 1.00-5.55 pm Grandstand: The Wimbledon Ladies' Singles Final, followed by Men's Doubles and Ladies' Doubles Finals.

5.55 News. 6.05 London—Sport; South-West (Plymouth) — Spotlight Sport and News; All other English regions—Sport and Regional News; Wales—Sports News Wales; Scotland—Sport; Northern Ireland—Northern Ireland News and Sport. 9.10 The New Adventures of Wonder Woman. 6.55 "No Man's Land," starring Stella Stevens. 8.30 The Val Doonican Music Show 9.15 News and Sport. 9.30 Wimbledon 85: Highlights of the Ladies' final 10.30 "The Heist," Warren Beatty and Goldie Hawn.

BBC 2

5.15 pm The Sky at Night. 5.35 Wimbledon 85. 7.35 News and Sport. 7.50 "Birdwatch"—TV film, with Tony Soper. 9.30 Film: "The Raging Moon." starring Malcolm McDowell and Nanette Newman. 10.20 Saturday Review. 11.20-12.25 am The Mel Tormo Special.

LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Matt and Jenny on the Wilderness Trail. 9.50 Big Bird in China. 11.00 Cartoon Time. 11.15 The Champions. 12.15 pm World of Sport, including 12.20 Wrestling; 12.45 News, followed by Australian Pools Check; 12.50 Cycling (Tour de France): 1.10 Motor Sport: 1.20 The ITV Six from Sandown and Haydock; 3.05 Hot Rod Racing (Menasquip Hot Rod World Championship from Ipswich]: 3.30 Athletics—Great Britain/Northern Ireland v East Germany v Japan; Great Britain/Northern Ireland v East Germany. 3.50 News Round-up: 4.00 Athletics; 4.50 Results.

5.00 News. 5.05 Happy Days. 5.30 Connections. 9.00 Chips. 7.00 The Comedians. 7.30 The Best of Russ Abbot's Madhouse. 8.30 Ultra Quiz '85. 9.30 News and Sport. 9.45 London News Headlines, followed by "Bite the Bullet," starring Gene Hackman, Candice Bergen and James Coburn. 12.05 Bellamy. 12.55 Genesis in Concert. 1.45 Night Thoughts.

CHANNEL 4

1.05 pm Chips' Comic. 1.30 The Listening Eye. †2.00 "Four Daughters," starring John Garfield and Claude Rains. †3.40 Folies Bergere, starring Maurice Chevalier. 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 Babble. 7.00 News followed by 7 Days. 7.30 Union World. 9.00 Tales From a Long Room. 8.15 Sanne. 8.45 My World and Welcome To It. 9.15 20/20 Vision. 10.00 Hill Street Blues. 11.00 The Late Clive James. †11.45 Naked City. 12.40 am The Paul Hogan Show.

S4C WALES

1.30 pm Farming on 4. 2.00 A Question of Economics. 2.30 A Week in Politics. 3.15 Promised The Earth. †4.15 "Mildred Pierce," starring Joan Crawford. 6.10 The Medicine Men. 9.40 The Avengers. 7.35 Newyddion. 7.45 Llun Ar Y Sgrin. 8.15 Gwyl Gorawl Caerdydd. 9.00 Tandoori Nights. 9.30 Lou Grant. †10.25 "The Angry Silence," starring Richard Attenborough.

REGIONS

IBA Regions as London except at the following times:

ANGLIA

9.25 am Cartoon Time. 9.35 Captain Scarlet and the Mysterons. 10.00 The Harlem Globetrotters. 10.25 "Wombling Free." 5.05 Connections. 5.35 Dreams. 12.10 am Live at City Hall. 12.40 At the End of the Day.

BORDER

9.25 am Cartoon Time. 9.35 Freetime. 10.00 The Adventures of Gulliver. 10.30 Film: "Wombling Free" 5.05 pm Film: "Campbell's Kingdom," starring Dirk Bogarde and Stanley Baker.

CENTRAL

9.25 am Visit Disney Presents. 9.35 Freetime. 10.00 Fangface. 10.30 Saturday Morning Cinema: "Wombling Free" 5.05 pm The Saturday Action Film: "The World In His Arms," starring Gregory Peck, Ann Blyth and Anthony Quinn.

CHANNEL

9.25 am Cartoon. 9.35 The Smurfs. 9.50 Puffin's Pla(i)ce. 9.52 Blockbusters. 10.25 BMX Pro Spectacular VII. 11.20 Puffin's Pla(i)ce. 11.25 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Pla(i)ce. 5.07 Connections. 5.35 Cartoontime. 5.40 The Saturday Film: "Nightside."

GRAMPIAN

9.25 am Cartoon. 9.30 Sealbhaichean Neonach. 10.00 Cartoon Alphabet. 10.25 Sesame Street. 11.20 Chips. 5.05 pm Connections. 5.35 Diff'rent Strokes. 6.05 Magnum. 12.10 am Reflections.

GRANADA

9.25 am Sesame Street. 10.20 Cartoon. 10.30 The Groovie Ghoulies. 10.55 Captain Scarlet and the Mysterons. 5.05 pm Diff'rent Strokes. 6.35 The Six Million Dollar Man. 12.10 am Joe Cocker in Concert. 12.55 Comedy Tonight.

HTV

9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Captain Scarlet and the Mysterons. †10.00 Fireball XL5. †10.25 "Tiger Bay," starring Hayley Mills, Horst Buchholz and John Mills. 12.13 pm HTV News. 5.05 "Butch and Sundance—The Early Days," starring William Katt and Tom Berenger. 12.10 am Portrait of a Legend.

SCOTTISH

9.25 am Cartoon Time. 9.30 Sealbhaichean Neonach. 10.00 Tarzan. 10.55 Groovie Ghoulies. 11.20 Chips. 5.05 pm Connections. 5.35 Feature Film: "Abbott and Costello Meet Frankenstein," with Lon Chaney, Bela Lugosi and Glenn Strange. 12.10 Late Call.

TSW

9.25 am Fisheries News. 9.35 The Smurfs. 9.50 Gus Honeybun's Magic Birthdays. 9.52 Blockbusters. 10.25 BMX Pro Spectacular. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 TSW Regional News. 5.07 Connections. 5.40 The Saturday Film: "Nightside," starring Doug McClure. 12.10 am Postscript.

TVS

8.25 am Bugs Bunny and Clouds. 9.35 Scooby Doo. 10.00 Batman. 10.25 Sealab 2020. 10.50 Dangermouse. 11.50 Do It. 12.12 pm TVS Weather. 5.10 Connections. 5.40 Diff'rent Strokes. 6.10 Chips. 7.00 Fresh Fields. 12.10 am Jazz Special. 12.40 Company.

TYNE TEES

8.25 am *Morning Glory*. 9.30 The Jacksons. 10.00 The Smurfs. 10.25 Short Story Theatre. 10.45 Just Amazing. 11.20 Chips. 5.05 pm "Campbell's Kingdom," starring Dirk Bogarde and Stanley Baker. 12.10 am Poet's Corner.

ULSTER

9.25 am Cartoon. 9.30 Freetime. 10.00 Sport Billy. 10.25 BMX Pro Spectacular VII. 11.20 Fireball XL5. 11.34 The Smurfs. 5.03 pm Ulster News. 5.05 Feature Film: "Campbell's Kingdom." 9.42 Ulster News. 12.00 Sports Results. 12.05 am Harvest Jazz. 12.30 News at Bedtime.

YORKSHIRE

8.25 am Cartoon Time. 8.35 Scooby Doo. 10.00 Short Story Theatre. 10.25 BMX Pro Spectacular VII. 11.20 Captain Scarlet and the Mysterons. 11.50 Joanie Loves Chachi. 5.05 pm Film: "Campbell's Kingdom." 12.15 am That's Hollywood.

RADIO

(S) Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album *Time* (S). *12.30 pm Castle's Corner* (S). 1.00 The Good Human Guide. 1.30 Wimbledon 85: Ladies' Singles Final; Racing from Sandown Park; Cricket: Reports from Chelmsford on Essex v Australia; Britannic Assurance Championship; Athletics from Birmingham; plus Henley Royal Regatta, *French Open Golf, Tour de France* and final practice for tomorrow's French Motor Racing and Belgian Motorcycling Grands Prix. 7.00 Three in a Row. 7.30 Cricket Scoreboard; An Evening with Gilbert and Sullivan (S). 8.30 Big Band Special (S). 10.05 Martin Kelner (S). 12.05 am Night Owls (S). 1.00 Steve Madden (S). 3.00-4.00 Wally Whyton (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 10.50 BBC Symphony Concert (S). 1.00 pm News. 1.05 English Song-Cycles (S). 2.00 Amsterdam Concertgebouw Orchestra (S). 4.00 Delme String Quartet (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.15 Moses und Aron (S). Schoenberg's opera in the new performance on records conducted by Solti: Act 1. 8.05 The Idea Behind the Music. 8.25 *Moses und Aron* (S) Act 2. 9.25 Fibich and Dvorak (S). 10.30 The Song of Roland (S). 11.00 Mendelssohn (S). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 8.00 News. 8.15 Sport on 4. 8.48 Yesterday in Parliament. 9.00 News. 9.05 After Henry. 9.35 Great *Liners*. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News; A Small Country Living. 12.27 pm I'm Sorry I Haven't a Clue (S). 1.00 News. 1.10 Any Questions? 2.00 News; The Afternoon Play (S): Swimmer, by Christopher Russell. 3.00 News; Radio Active (S). 3.30 Explorers Extraordinary (S). 4.15 Enterprise. 4.45 Work and I. 5.00 Wildlife (S). 5.25 Week Ending (S). 6.00 News; Sports *Round-up*. 6.25 With Great Pleasure (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-night Theatre (S). 10.00 News. 10.15 Evening Service (S). 10.30 Animal Language (S). 11.00 Science Now. 11.30 Cliffhanger (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Knock! Knock! 9.30 Asian Magazine. 10.00 Sunday Worship. 11.00 Never Too Late . . . 11.25 Business Club 11.50 *100 Great Sporting Moments*. 12.05 pm Grand Prix. 12.40 Farming. 1.05 News. 1.10 Daffy Duck. 1.15 Bonanza. 2.00 2.00 Eastenders. 3.00 Tom and Jerry Double Bill 3.15-5.30 Film Matinee: "The Spiral Road," starring Rock Hudson with Burl Ives.

5.30 The Rock 'n' Roll Years. 6.00 Goodbye Mr Chips. 6.30 News. 6.40 Home on Sunday. 7.15 A Royal Gala Performance. 8.45-9.00 News. 10.00 That's Life. 10.45 Choices. 11.20 Grand Prix.

BBC 2

1.05-6.50 pm Sunday Grandstand, including Wimbledon '85, featuring the Men's Singles Final, and Motor Racing (French Grand Prix). 6.50 pm News Review. 7.15 Great Collectors. 8.05 Viktoria Mullova. 9.40 Wimbledon '85 (highlights of today's finals). 10.45 Film: Burt Reynolds in "Deliverance." 12.30-12.40 am *Music at Night*.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Porky Pig. 9.45 Swilly and Shorty. 10.00 Morning Worship 11.00 Link. 11.30 Working for a Better Life. 12.00 pm Take 30. 12.30 Jobwatch. 1.00 Police 5. 1.15 The Smurfs. 1.30 Groovy Ghoulies. 2.00 London News Headlines, followed by "Masquerade," starring Cliff Robertson and Jack Hawkins 4.00 Survival of the Fittest. 4.30 Pretenders. 5.30 Athletics—The Pearl Assurance International 6.30 News. 6.40 Athletics. 7.15 Winner Takes All. 7.45 Murder, She Wrote 8.45 News. 9.00 Connie 10.00 Tales of the Unexpected. 10.30 The Jimmy Young Television Programme. 11.15 News, followed by Les Miserables. 12.15 am *Night Thoughts*.

CHANNEL 4

1.05 pm Irish Angle. 1.30 Face the Press. 2.00† "Who Done It?" with Abbott and Costello. 3.20† "Lost in a Harem." 5.00 Back to the Roots. 5.30 News, followed by Mothers by Daughters. 6.15 The Mississippi. 7.15 Heritage: Civilisation and the Jews. 8.15 The Irish RM. 9.15 People to People: Because They Haven't Done Nothing 10.15† "The Snake Pit," starring Olivia de Havilland.

S4C WALES

1.45 pm *Union World*. 2.15 Gardeners' Calendar. 2.45 Wales: Landscape and Legend. 3.15 The Green Line. 4.15 The Winds of War. 6.15 Heritage: Civilisation and the Jews. 7.20 An Canker Seth An Viedhen Gernewek. 7.30 Newyddion. 7.35 Hulen a Moch Bach. 8.00 Pwy Sy'n *Perthyn? 8.30 Rhyfel Dros Gymru*. 9.15 Byd Cerdd: Mozart. 10.00 Winston Churchill—The Wilderness Years. 11.00 The Late Clive James. 11.45 Seven Days.

REGIONS

IBA regions as London except at the following times:

ANGLIA

9.30 Survival. 1.00 pm Mr Smith. 1.25 Weather Trends. 1.30 Farming Diary. 2.00 Film: "Very Important Person," starring James Robertson Justice, Leslie Phillips, Stanley Baxter. 3.45 Just Amazing. 5.00 Now You See It. 12.10 Acts of God.

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Survival. 1.30 Farming Outlook 2.00 Matinee: "The Iron *Maiden*," starring Michael Craig. 3.45 Just Amazing. 5.00 Now You See It. 11.15 Through The Eyes of a Child.

CENTRAL

9.25 am The Wonderful World of Professor Kitzel. 9.30 Working for a Better Life. 11.30 Gardening Time. 1.00 pm Captain Scarlet and the *Mysterons*. 1.30 The Adventurer. †2.00 The Weekend Matinee: "Very Important Person." 3.45 Just Amazing. 5.00 Now You See It. 11.15 Country Music Special.

Burt Reynolds, BBC2, 10.45

CHANNEL

12.25 pm Starting Point. 12.30 Getting On. 1.00 Gardens For All. 1.30 Under Fives. 2.00 The Sunday Matinee: "Gold of the Amazon Women." 3.43 Puffin's Pla(i)ce. 3.45 Just Amazing. 5.00 Now You See It. 6.26 Channel News. 11.15 Short Story Theatre. 11.45 Benson.

GRAMPIAN

9.25 am Cartoon. 9.30 Captain Scarlet. 10.00 Sesame Street. 1.00 pm Farming Outlook. 1.30 Survival. 2.00 Documentary. 2.30 Looks Familiar. 3.15 The Shirke Rotary Club. 3.45 Just Amazing. 5.00 Now You See It. 12.15 am Reflections.

GRANADA

9.25 am Miniature Chess Masterpieces. 9.30 The Human Face of the Pacific. 11.00 Working for a Better Life. 11.25 AAP KAA HAK. 11.30 This Is Your Right. 1.00 pm Battlestar Galactica. 2.00 Survival. 2.30 Sunday Matinee: Audrey Hepburn, Albert Finney in "Two For The Road" 5.00 The Beverly Hillbillies. 11.15 Late Night Movie: Richard Crenna, Patty Duke Astin in "Nightmare."

HTV

9.25 am Adventures of the Mouse on Mars. 9.30 Once Upon a Time . . . Man. 1.00 pm Ray Reardon's Masterclass. 1.30 Farming Wales. 2.00 "The World of Susie Wong." 6.00 Definition. 6.35 HTV News. 11.15 Travelling Man.

SCOTTISH

9.25 am Cartoon Time. 9.30 Working For a Better Life. 10.00 Sesame Street. 11.30 My Vision. 1.00 pm Happy Days. 1.30 *Farming* Outlook. 2.00 Chepter and Verse. 2.30 World Famous Fairy-tales. 2.45 Hart to Hart. 3.45 Just Amazing. 5.00 Now You See It. 11.15 Late Call. 11.20 The New Avengers.

TSW

9.25 am Link, followed by South West Link. 11.00 Working For a Better Life. 11.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens For All 1.30 Farming News. 2.00 The Sunday Matinee: "Gold of the Amazon Women," starring Bo Svenson, Anita Ekberg and Donald Pleasence. 3.43 Gus Honeybun's Magic Birthdays. 3.45 pm Just Amazing! 5.00 Now You See It. 11.15 The South West Week. 11.45 Benson. 12.10 am Postscript.

TVS

9.25 am Woody Woodpecker. 9.35 Fangface. 1.00 pm Agenda. 1.30 Levkas Man. 2.25 The Sunday Matinee: "*Robbery*" *starring* Stanley Baker. 4.25 TVS News. 5.00 Now You See It. 12.15 am Company.

TYNE TEES

9.25 Morning Glory. 9.30 Link. 11.00 Working for a Better Life. 12.25 Lookaround. 11.30 Captain Scarlet and the Mysterons 1.00 pm Farming Outlook. 1.30 Sunday Matinee: "Showboat Junction," starring Ava Gardner, Stewart Granger, Francis Matthews and Bill Travers. 3.30 Magnum. 5.00 Now You See It. 11.15 The Beverly Hillbillies. 11.45 Epilogue.

ULSTER

12.58 pm Lunchtime News. 1.00 Robert White sings The American Songbook. 1.15 Brass in Concert. 1.58 Farming Weather. 2.00 Feature Film: "The Bridal Path," starring Bill Travers, George Cole and Gordon Jackson. 3.45 Just Amazing. 5.00 Now You See It. 5.38 *Ulster News*. 9.57 Ulster News. 11.15 Sports Results. *11.20 Festival Folk*. 11.45 *News at Bedtime*.

YORKSHIRE

9.25 am Link. 11.00 Working For A Better Life. 11.30 Farming Diary. 1.00 pm A Land, A Man, A God. 1.30 The Smurfs. 1.45 The Champions. 2.45 Sunday Cinema: "The Grace Kelly Story" starring Cheryl Ladd. 5.00 The Zodiac Game. 12.15 am Five Minutes.

RADIO

(S)—Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says Good Morning Sunday (S). 9.00 Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats (S). 1.00 pm Ken Bruce presents Two's Best (S). 2.00 Wimbledon 85 (including Men's Singles Final) plus Cricket (Essex v Australia at Chelmsford and news from the John Player League); Motor-Sport: (French Motor Racing with Belgian Motorcycling); Athletics (GB v East Germany v Japan) and Henley Royal Regatta, French Open Golf and Cycling's Tour de France. 6.30 Charlie Chester with your Sunday Soapbox. 7.30 Cricket Scoreboard. 7.35 Glamorous Nights. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.02 Sports Desk. 10.05 Songs From The Shows. 10.45 Alan Clare at the piano. 11.00 Sounds of Jazz (stereo from midnight). 1.00 am Steve Madden presents Nightride (S). 3.00-4.00 Ken Bruce presents Two's Best (S).

BBC RADIO 3

7.00 am News. 7.05 Eugene Ormandy (S). 8.00 Bach Cantatas 1724 (S). 9.25 French music for wind instruments (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Chicago Symphony Orchestra, part 1 (S). 11.50 Words 11.55 Chicago SO, part 2 (S). 12.35 pm Schumann (S). 1.00 Les Arts Florissants (S). 1.45 Orchestra of the National Centre for Orchestral Studies (B). 2.35 Songs with an American Connection (S). 3.15 Takacs Quartet (S). (4.05 Interval Reading). 4.50 For Ten Wind Instruments (S). 5.30 Poetry Cambridge. 6.30 *Italian Choral Music* (S). 7.00 "Becket," play by Jean Anouilh, with Ian Holm as Becket (S). 8.00 BBC Welsh Symphony Orchestra, part 1: Delius, Elgar (See Pictures, with Bernadette Greevy) (S). 9.35 A Portrait of Robert Bridges compiled by Michael Finch, with Hugh Borden as Bridges. 9.55 BBC Welsh SO, part 2: Holst (The Planets) (S). 11.00 Dennis Lee piano recital (S). 11.57-12.00 News.

BBC RADIO 4

9.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Sir John Gielgud talks for the Week's Good Cause about the Carr-Gomm Society. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 The Colour Supplement. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play (S). 4.00 News; Heritage. 4.30 The Living World. 5.00 News. 5.05 Down Your Way visits Stevenage in Hertfordshire. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News 6.15 Treasure Islands. 6.30 A Good Read. 7.00 Travel XPD (S) 7.30 In the Psychiatrist's Chair. 8.00 Law in Action. 8.30 Young Lives (S) 9.00 News; Kidnapped and Catriona (S). 9.58 Weather. 10.00 News. 10.15 Defence Gives Offence. 11.00 The Play's The Thing (S). 11.30 Inside Parliament. 12.00-12.15 am News.

Solution to Chess No. 578

1 Q-N8 (threats Q-B8, Q-K8/R-K8 mate), B-K5; 2 Q-K5. Resigns. If 2 . . . B-N2; 3 R(1)-B7 ch mates.

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